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STATEMENT OF
HONORABLE DONALD J. DEVINE
DIRECTOR OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON COMPENSATION
AND EMPLOYEE BENEFITS
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
U.S. HOUSE OF REPRESENTATIVES

on

FISCAL YEAR 1986 BUDGET PROPOSALS
CONCERNING CIVIL SERVICE RETIREMENT,
FEDERAL EMPLOYEES HEALTH BENEFITS,
AND FEDERAL PAY

FEBRUARY 26, 1985

MADAM CHAIR AND MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR INVITING ME TO APPEAR THIS AFTERNOON TO DISCUSS THE ADMINISTRATION'S FISCAL YEAR 1986 BUDGET PROPOSALS ON CIVIL SERVICE RETIREMENT, FEDERAL EMPLOYEES HEALTH BENEFITS, AND FEDERAL PAY.

CIVIL SERVICE RETIREMENT

A RECENT INDEPENDENT STUDY BY THE CONSULTING FIRM OF TOWERS, PERRIN, FORSTER, AND CROSBY FOUND THAT THE AVERAGE EMPLOYER COSTS OF PENSIONS IN THE PRIVATE SECTOR--FOR THE HALF OF THE POPULATION WHICH HAS PENSIONS--WAS 18 PERCENT OF PAYROLL, COMPARED TO THE GOVERNMENT'S 28 PERCENT OF PAYROLL. EVEN MORE IMPORTANT, THE STUDY FOUND THAT THE PROVISION OF BENEFITS WAS VERY UNEVEN BETWEEN DIFFERENT SEGMENTS OF THE WORKFORCE. DATA SHOW THAT 45 PERCENT OF A COHORT OF NEW EMPLOYEES WILL ACTUALLY SUBSIDIZE THE RETIREMENT SYSTEM, AND ANOTHER 15 PERCENT WILL RECEIVE NO REAL BENEFITS. ALMOST 60 PERCENT WILL DO VERY POORLY, WHILE A RELATIVELY SMALL GROUP DOES EXTREMELY WELL. THE CIVIL

SERVICE RETIREMENT SYSTEM IS THE GOVERNMENT'S THIRD LARGEST ENTITLEMENT PROGRAM WITH AN OUTLAY OF APPROXIMATELY $23 BILLION IN 1985. IT HAS A DYNAMIC UNFUNDED LIABILITY OF OVER A HALF A TRILLION DOLLARS. IT IS A SYSTEM BADLY IN NEED OF REFORM.

THIS ADMINISTRATION IS COMMITTED TO MAKING THAT REFORM FOR THE SAKE OF BOTH GOOD PERSONNEL MANAGEMENT AND SOUND FINANCIAL ADMINISTRATION. IN 1986, OUR PROPOSED RETIREMENT REFORMS WOULD REDUCE OUTLAYS BY $731 MILLION AND INCREASE RECEIPTS BY $269 MILLION. I WOULD LIKE TO DISCUSS EACH OF THESE REFORMS IN TURN.

FIRST, WE PROPOSE TO REVISE THE WAY CIVIL SERVICE ANNUITIES ARE ADJUSTED TO REFLECT CHANGES IN THE COST OF LIVING. CURRENT LAW ENSURES THAT FEDERAL ANNUITANTS, UNLIKE MOST OTHER RETIREES OUTSIDE GOVERNMENT OR EVEN ACTIVE FEDERAL WORKERS, WILL BE COMPLETELY ISOLATED FROM ANY EFFECTS OF INFLATION, SINCE THEIR ANNUITIES ARE REQUIRED TO BE ADJUSTED EACH YEAR TO REFLECT FULL INCREASES IN THE COST OF LIVING AS MEASURED BY THE CONSUMER PRICE INDEX (CPI). CONSEQUENTLY, AS FEDERAL RETIREMENT BENEFITS HAVE RISEN AT A FASTER RATE THAN PAY, MANY RETIREMENT-ELIGIBLE INDIVIDUALS HAVE FOUND IT FINANCIALLY ADVANTAGEOUS TO LEAVE FEDERAL SERVICE. THIS DISINCENTIVE TO WORK HAS TAKEN A PARTICULAR TOLL ON EXPERIENCED AND VALUABLE SENIOR PERSONNEL. REMOVING THIS DISINCENTIVE CONTINUES TO BE A PARAMOUNT PERSONNEL MANAGEMENT CONCERN.

OUR APPROACH TO THE PROBLEM INVOLVES SEVERAL STEPS, STARTING WITH THE ELIMINATION OF THE COST-OF-LIVING ADJUSTMENT (COLA) NOW SCHEDULED FOR THIS DECEMBER. THIS COLA FREEZE WOULD BE CONSISTENT WITH COLA FREEZES BEING PROPOSED FOR A NUMBER OF OTHER INDEXED PROGRAMS, INCLUDING MILITARY RETIRED PAY. THEN, BEGINNING WITH THE DECEMBER 1986 COLA, OUR

COLA AMOUNT WOULD BE THE LESSER OF THE INCREASE IN GENERAL SCHEDULE PAY OR THE CPI CHANGE TO GIVE RETIREES AND EMPLOYEES EQUAL TREATMENT. THAT COLA WOULD BE PAYABLE ON THE FIRST $10,000 OF ANNUITY. PENSIONS OVER $10,000 WOULD BE INCREASED BY 55 PERCENT OF THE COLA. IN SUBSEQUENT YEARS, THE $10,000 BASE AMOUNT TO WHICH THE FULL INCREASE APPLIES WOULD BE ADJUSTED BY THE PERCENTAGE OF THE PREVIOUS YEAR'S COLA. THIS CHANGE WOULD BRING FEDERAL RETIREES INTO CLOSER ALIGNMENT WITH OTHER RETIRED PEOPLE, WHO TYPICALLY RECEIVE FULL COLA'S ONLY ON THEIR SOCIAL SECURITY BENEFITS, AND ONLY ABOUT ONE-THIRD OF THE COLA ON ANY PRIVATE PENSION PAYMENTS THEY RECEIVE.

SECOND, THE BUDGET PROPOSES TO ELIMINATE A PRACTICE UNDER OUR RETIREMENT SYSTEM VIRTUALLY UNKNOWN IN THE PRIVATE SECTOR--UNREDUCED RETIREMENT BENEFITS AS EARLY AS AT AGE 55. WE PROPOSE THAT CURRENT FEDERAL EMPLOYEES WITH SUFFICIENT SERVICE CONTINUE TO BE ABLE TO RETIRE AS EARLY AS AGE 55, BUT BENEFITS WOULD BE REDUCED TO REFLECT THE COST TO THE RETIREMENT SYSTEM OF THIS EARLY RETIREMENT. FOR EACH YEAR THE EMPLOYEE IS UNDER AGE 65 AT THE TIME OF RETIREMENT, THE ANNUITY WOULD BE REDUCED BY 5 PERCENT. THIS REDUCTION WOULD NOT APPLY TO ANYONE WHO IS ALREADY 55, AND IN ORDER TO EASE ITS IMPACT ON THOSE NEAR RETIREMENT, THE REDUCTION WOULD BE PHASED IN OVER 10 YEARS. FOR INSTANCE, AN EMPLOYEE WHO IS NOW 54 COULD RETIRE AT 55 WITH AN ANNUITY REDUCTION OF ONLY 5 PERCENT. ONLY THOSE NOW 45 AND UNDER WOULD BE SUBJECT TO THE FULL REDUCTION. LIKE THE COLA CHANGE, THIS PROPOSAL WOULD BRING FEDERAL RETIREES INTO CLOSER ALIGNMENT WITH RETIREES IN OTHER SECTORS OF THE ECONOMY, WHERE RETIREMENT AT AGE 55 WITH UNREDUCED BENEFITS IS RARELY PERMITTED.

THIRD, AGAIN FOLLOWING THE NORMAL PATTERN FOLLOWED IN THE PRIVATE SECTOR, WE PROPOSE TO BASE ANNUITY COMPUTATIONS ON THE RETIREE'S HIGHEST FIVE YEARS OF EARNINGS, RATHER THAN THE HIGHEST THREE. PRIOR TO 1969, A PERIOD OF LOW INFLATION, THE HIGH-FIVE YEARS' SALARY WAS USED. SINCE THEN, COMPUTATIONS HAVE BEEN BASED ON THE HIGH-THREE. EMPLOYEES WHO ARE WITHIN THREE YEARS OF ELIGIBILITY FOR RETIREMENT WOULD NOT BE AFFECTED.

FOURTH, WE WOULD PHASE OUT OVER A FOUR-YEAR PERIOD THE RETIREMENT CREDIT CURRENTLY GIVEN FOR UNUSED SICK LEAVE. THIS TYPE OF BENEFIT IS NOT ONLY VERY EXPENSIVE BUT ALSO IS NOT TYPICALLY AVAILABLE TO NON-FEDERAL WORKERS.

FIFTH, WE PROPOSE CHANGES THAT ARE CONSISTENT WITH ENACTED REFORMS AND OTHER EXISTING PROVISIONS IN SOCIAL SECURITY. THESE INCLUDE DELETING THE GUARANTEED MINIMUM BENEFIT FOR FUTURE ANNUITANTS, PHASING OUT SPECIAL BENEFITS FOR ADULT STUDENTS, AND CHANGING ELIGIBILITY RULES FOR SURVIVING SPOUSES, FORMER SPOUSES, AND INSURABLE INTEREST BENEFICIARIES TO PARALLEL MORE CLOSELY THE TREATMENT OF SIMILARLY SITUATED INDIVIDUALS COVERED BY SOCIAL SECURITY.

SIXTH, WE WOULD REQUIRE THE POSTAL SERVICE AND THE D.C. GOVERNMENT TO CONTRIBUTE TO THE RETIREMENT FUND AN ADDITIONAL 2 PERCENT OF BASIC PAY EACH YEAR UNTIL THEIR PAYMENTS, PLUS EMPLOYEE DEDUCTIONS, ARE SUFFICIENT TO COVER THE DYNAMIC NORMAL COST OF THE RETIREMENT SYSTEM. THE D.C. GOVERNMENT AND THE POSTAL SERVICE ARE SUPPOSEDLY NOW SELF-SUPPORTING, WITH ANY FEDERAL SUBSIDIES CLEARLY IDENTIFIED AS SUCH. YET THESE TWO ENTITIES ARE CONTINUING TO RECEIVE MASSIVE HIDDEN SUBSIDIES THROUGH THEIR PARTICIPATION IN THE CIVIL SERVICE RETIREMENT SYSTEM.

FINALLY, AS A PART OF THE ONGOING EFFORT TO DISENTANGLE FEDERAL AND DISTRICT OF COLUMBIA AFFAIRS, WE PROPOSE TO EXCLUDE EMPLOYEES HIRED BY THE GOVERNMENT OF THE DISTRICT OF COLUMBIA AFTER SEPTEMBER 30, 1985, FROM THE FEDERAL RETIREMENT, LIFE INSURANCE, AND HEALTH BENEFITS PROGRAMS.

FEDERAL EMPLOYEES HEALTH BENEFITS

NOW I WOULD LIKE TO TURN TO THE FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB) PROGRAM, WHERE WE ARE AGAIN PROPOSING A MAJOR LEGISLATIVE REFORM. THE PRESENT FEHB PROGRAM HAS MANY VERY GOOD FEATURES, ESPECIALLY ITS WIDE CHOICE OF PLANS AVAILABLE. TO ENHANCE THIS MOST ATTRACTIVE FEATURE, WE HAVE PROPOSED A SYSTEM THAT IS POPULARLY KNOWN AS A "VOUCHER" SYSTEM. WE BELIEVE THIS APPROACH CAN MAKE A VALUABLE CONTRIBUTION TO THE FEHB PROGRAM.

UNDER THIS SYSTEM, OPM WOULD NO LONGER NEGOTIATE DETAILED CONTRACTS WITH CARRIERS. INSTEAD, ANY CARRIER THAT IS PREPARED TO MEET CERTAIN MINIMAL REQUIREMENTS WOULD BE ADMITTED TO THE PROGRAM, AND WOULD BE FREE TO OFFER ANY NUMBER OF PLANS IT WISHED. ALL PLANS WOULD BE REQUIRED TO INCLUDE CATASTROPHIC COVERAGE, BUT CARRIERS WOULD OTHERWISE BE FREE TO DESIGN THEIR BENEFIT PACKAGES IN WHATEVER WAY THEY THINK WOULD ATTRACT THE MOST ENROLLEES. ENROLLEES WOULD RECEIVE INFORMATION TO HELP THEM IN SELECTING THE PLAN BEST SUITED TO THEIR NEEDS. PARTICIPATION BY A WIDER RANGE OF PLANS WOULD INCREASE THE NUMBER OF CHOICES AVAILABLE TO ENROLLEES, FURTHER SHARPENING THE COMPETITIVE FORCES THAT HAVE MADE THE CURRENT PROGRAM SUCCESSFUL.

THE GOVERNMENT CONTRIBUTION WOULD NO LONGER BE CAPPED AT THE CURRENT 75 PERCENT OF A PLAN'S PREMIUMS SO ENROLLEES WOULD NO LONGER BE PENALIZED FOR ENROLLING IN A LOW-COST PLAN. ENROLLEES WOULD EVEN BE ABLE TO RECEIVE A REBATE IF THE PREMIUM FOR THE PLAN THEY CHOOSE IS LESS THAN THE GOVERNMENT CONTRIBUTION. THE GOVERNMENT CONTRIBUTION WOULD NO LONGER BE DETERMINED BY THE PREMIUM COSTS OF PARTICULAR PLANS, BUT WOULD INSTEAD BE BASED ON THE DOLLAR AMOUNTS OF THE AVERAGE GOVERNMENT CONTRIBUTIONS FOR SELF-ONLY AND SELF-AND-FAMILY COVERAGES IN THE YEAR PRIOR TO INAUGURATION OF THE VOUCHER, ADJUSTED IN FUTURE YEARS BY PERCENTAGE CHANGES IN A GENERAL PRICE INDEX.

FEDERAL PAY

THE BUDGET PROPOSES A ONE-TIME REDUCTION IN PAY OF 5 PERCENT, EFFECTIVE IN JANUARY OF 1986, FOR FEDERAL CIVILIAN EMPLOYEES. AS YOU RECALL, DURING THE RECESSION, LABOR UNIONS IN THE PRIVATE SECTOR RENEGOTIATED THEIR CONTACTS AND TOOK CUTS TO HELP THEIR INDUSTRIES GET BACK ON THEIR FEET AGAIN. IT SEEMS ONLY APPROPRIATE THAT GOVERNMENT EMPLOYEES, TOO, SHOULD CONTRIBUTE IN A SIMILAR WAY TO HELP THEIR EMPLOYER AND TO SHARE IN CUTTING THE COST OF GOVERNMENT. A CORPORATION WITH A $200 BILLION RED INK BALANCE AND A $500 BILLION UNFUNDED PENSION LIABILITY SURELY IS A BUSINESS IN TROUBLE. WE MUST ALL SHARE IN PUTTING OUR HOUSE BACK IN ORDER.

THANK YOU. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS THE SUBCOMMITTEE MAY HAVE.

TESTIMONY BY REP. MICHAEL D. BARNES
BEFORE THE HOUSE SUBCOMMITTEE ON COMPENSTION AND EMPLOYEE BENEFITS
ON THE EFFECTS OF THE ADMINISTRATION'S FY 86 BUDGET PROPOSALS
ON FEDERAL EMPLOYEES AND RETIREES.

February 26, 1984

It is always a privilege to appear before this Subcommitee and its distinguished Chair. Today it's also a heavy responsibility. The decisions that this Subcommittee will make in the next week may well be pivotal to the future of Federal service in light of what the Administration has proposed in its budget.

At the outset, let me join with the Chair and with my co-Chairman of our Federal Government Service Task Force, Vic Fazio, in rejecting the proposal to cut Federal pay by 5 percent. In my view, this pay cut could be the fatal blow that crushes the spirit of public service in our country. The reasons are many.

On a number of ocassions, I have spoken about the impact of previous cuts proposed by the Administration and adopted by Congress on the morale of the Federal worker. I have been genuinely alarmed by the degree to which career public servants have become discouraged. We've already lost too many of our very finest Federal employees.

<u>What happens if youth no longer want to serve?</u>

But I am also distressed by the reaction I've found among young people from our ~~Nation's~~ Nation's finest universities, colleges, and graduate schools. Most of them reject the premise that it's still possible to build a fruitful career in public service. Young people no longer regard Federal service as an exciting, honorable vocation.

In short, if we do not support a strong Federal service, we simply devalue it. John Kennedy's call for a Federal service that is a "lively career", his challenge to young Americans to serve, to build a secure American future, now seems the faintest echo in the public's mind.

<u>When we devalue pay we devalue Federal service.</u>

We have devalued Federal pay for eight straight years. Federal pay laws require government to pay Federal workers amounts comparable to those received by their private sector counterparts. We seem to forget that when we cut pay we trade a measure of quality for that reduction. Since 1978, inflation-fed deficits obliged government to invent every conceivable excuse for holding pay below the level of comparability. Year after year, pay cuts--and these were pay cuts because the value of Federal pay did not come close to keeping pace with inflation--dragged Federal pay so far behind comparable private pay that the entire pay-setting process became an embarassment.

We are embarassed, not because the Bureau of Labor Statistics survey is wrong, but because deficits make us helpless to put the matter right, to obey the law, and to tradeoff pay with minimal damage to the quality of service. We risk making career paths in Federal service a walk into no man's land.

<u>There is no justification for a 5% pay cut.</u>

The pay cut's advocates believe that the reduction can be justified for four reasons: a) deficits create a national emergency that justifies such drastic measures, b) workers in the private sector have had to endure similar cuts in pay in the last year, c) Federal quit rates are several times less than those in the the private sector, d) surveys that show Federal workers are paid less than private workers are wrong because Federal pay should be compared to the average pay of all workers--not just workers in enterprises similar to the Federal government.

Vic Fazio wants to speak to the point about private wage givebacks--and also has comments on the ludicrous quit rate analysis prepared by the Office of Personnel Management. My testimony focuses on pay-cut proponents' other two arguments.

Recent work done by our Federal Government Service Task Force provides evidence that a 5% pay cut for Federal workers could precipitate a national emergency in its own right. I don't think the best way to fight one National emergency is to create another one.

<u>The Task Force analysis compares average private pay to Federal pay.</u>

I do not doubt the accuracy of existing comparability surveys. Nevertheless, we decided to examine what would have happened in the last ten years to Federal pay and benefits had--as pay-cut proponents suggest--the Federal government paid its workers the same raise received by the average private sector worker. Please note we're not talking about the average raise for white collar employees or for employees in larger firms. We're just talking about the average worker.

The results of this analysis yield some important insights about Federal pay practices. Using an average private pay raise as a baseline, we found that the Federal government had already saved $12.3 billion from 1977 through 1985--an average of $1.35 billion per year by limiting pay increases to well under average annual increases in the private sector. (See chart no. 1, appendix).

For the average Federal worker these savings translated into an out of pocket loss of $22,330 for the period. That's quite a premium to pay for the privilege of working in the public service. For many, it probably meant that that they could not afford to send a child through college or put aside something extra for retirement. (See charts no.s 2,3 and 4).

If we cut Federal pay by 5% in FY 86, the gap would rocket up to just under $30,000--a loss of $7500 in one year alone. That's $7500 less than Federal workers would have received had they gotten pay raises equal to those paid to average private sector workers. (See chart no. 3). In 1986, therefore, the gap between Federal and private pay will be 11.9%--a 5% cut and a 6.9% advance for the average private sector employee.

Pay cuts, like deficits, snowball

We have begun to realize--having learned the hard way--that unchecked deficits tend to snowball. Before it's too late, we ought to realize that the same lesson applies to paycuts. We make these cuts in one year, and the reduced salary base keeps on rippling throughout an employee's career and on into retirement. By reducing pay below private sector levels for eight consecutive years, we have amplified this initial ripple into a wave that is dramatically reducing lifetime and retirement earnings.

These are not speculative or imaginary earnings, but very real dollars that Federal employees would have earned had they received the same raise as the average private sector employee for the last ten years. (See chart no. 4).

The snowball keeps right on rolling through the retirement years.

Pay cuts directly affect Federal annuities, particularly for employees at the end of their careers. Pay cuts even more heavily damage Federal employees who defer their retirement to remain in Federal service. Our analysis shows that each year that a retirement eligible employee experiences an additional pay cut cumulatively adds to the amount of pay and retirement benefits he or she loses. This fact is not unknown to senior employees now leaving government. (See charts no. 5 & 6).

An average Federal employee who retired from Federal service in 1977, lost 3% of his or her annuity because pay was held below the average private sector increase. (See profile of losses for 1977 retiree, chart no. 8). The average 1978 retiree lost 5.8% of the annuity. (chart no. 9). The average 1979 retiree: 3.4%. The average 1980 retiree: 4%. Note that during these years, Federal pay stayed within shouting distance of average private pay. (Charts no.s 10 & 11).

Then, beginning in 1981, the percentage of annuities lost began to climb dramatically as pay began to really lag behind. In 1981: the percentage of annuity lost moved into double digits to 10.8% ; then to 10.9% in 1982, up to 11.6% in 1983, and 11.7% in 1984. This year the gap, even without a pay cut, will explode to 15.8%. And, _if we go along with a 5% pay cut rather than the private sector increase we will be short-changing our average 1986 retiree by 21.7%._ (See chart no. 5). These percentages apply to the amount of annuity lost from the date of retirement to the present, not simply to the impact of pay withheld on the retiree's annuity at the time of retirement.

But the effects on initial annuities are equally serious. The 1977 retiree lost $303.00 of his or her annuity. By 1981, the average initial loss was over $1,000 more ($1347.00). Last year, pay cuts cost the 1985 retiree $2298.37. It's small wonder that the average 1985 retiree who had carefully planned for retirement over the past ten years left government disappointed, if not embittered. The 1986 retiree can look forward to an initial annuity of $3012 less than he or she would have received through average private sector pay raises. In other words, the loss to the initial pension has doubled since 1981. (See Chart no.s 6 & 7).

Recent retirees have been the hardest hit.

Three-quarters of a million (non-postal) employees retired between 1977 and 1985. This group took the brunt of the Federal pay cuts. The later an employee retired during this period the harder he or she was hit. (See chart 13). A 1978 retiree lost a combination of $8,161 to pay cuts during the last ten years. In 1981 this combined total loss had grown to $15,654 for an employee retiring that year. But hang on to your hats, because next year, if we cut pay by 5%, the 1986 retiree will have lost a combined total of $32,749. (See Chart 14).

Conclusions

No one suggests that Federal employees should not share the burdens of deficit reduction, but the clear and convincing evidence, Madam Chair is that they have done more than their fair share and will continue to do so even when we reject this irresponsible proposal to cut Federal pay. What I have tried to do this afternoon is demonstrate that the idea of cutting pay was not discovered yesterday. We have cut pay. We have burdened Federal employees over the last ten years as no other group of workers in our society. We haven't always acted responsibly in cutting pay in the past, but neither have we faced the destruction of what can continue to be the world's finest civil service.

I thank my colleague for his patience in letting me go through this analysis. I know that he has several critically important comments to add about the Administration's proposals on Federal retirement. Let me emphasize that the annuity losses I discussed were the indirect consequences of withdrawing wage increases. As heavy as those losses were, we have to recognize that Congress made direct cuts to Federal retirement of over 10% since 1977. In this context, I think it's clear that Congress must continue to reject efforts to reduce the Federal retirement system. In my view, the Administration's proposals to cut retirement is not only a breach of faith with Federal employees and retirees, but a direct attack on a system of public service that serves this country well.

Once again, thank you for the opportunity to share these views with the Subcommittee. After my colleague makes his presentation, I'm sure we will be happy to try to answer any questions that you may have.

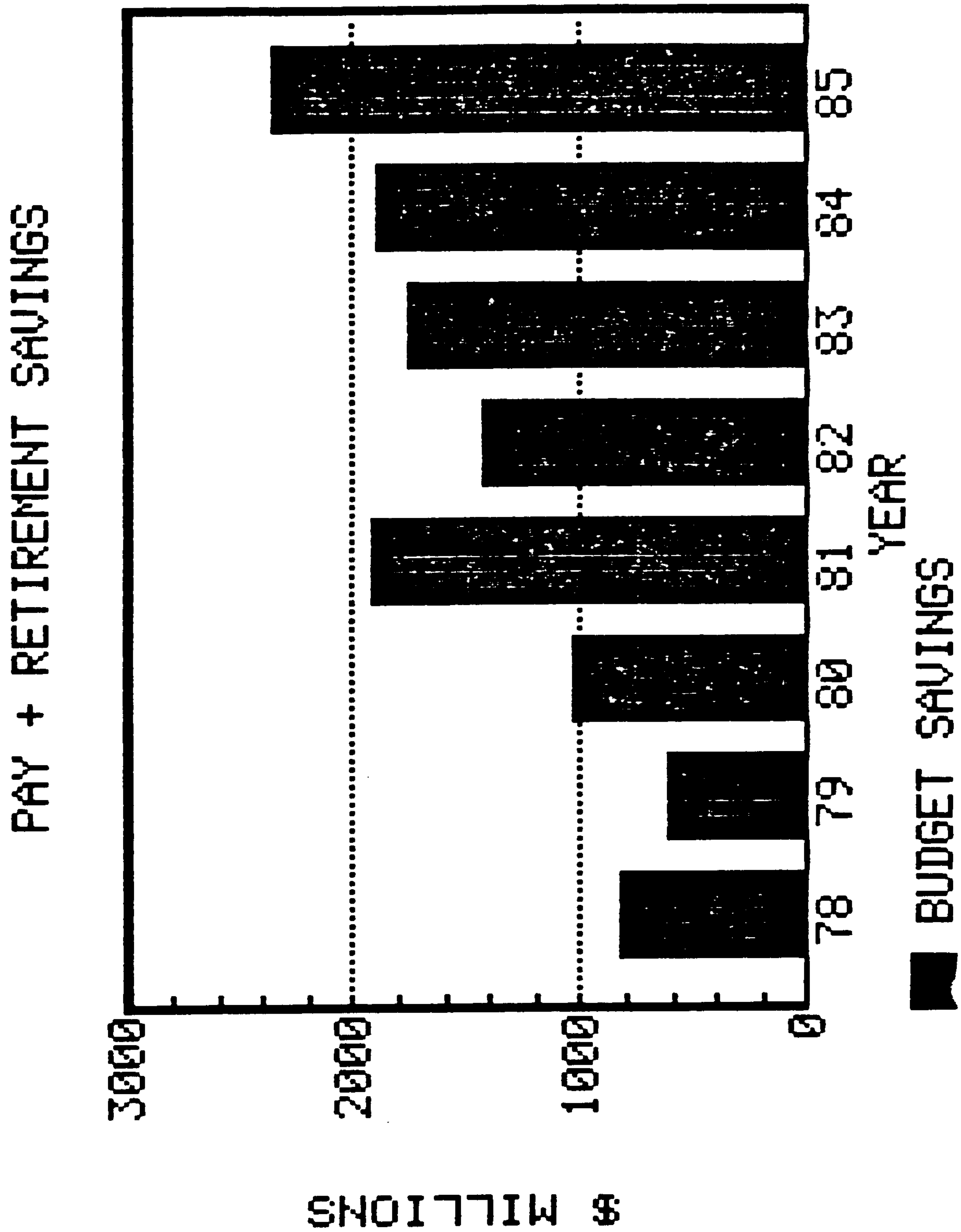

PAY + RETIREMENT SAVINGS
$ MILLIONS
3000
2000
1000
0
78
79
80
81
82
83
84
85
YEAR
BUDGET SAVINGS

CHART NO. 1

	BUDGET SAVINGS
78	815
79	609
80	1024
81	1912
82	1421
83	1748
84	1893
85	2353

CHART NO. 2

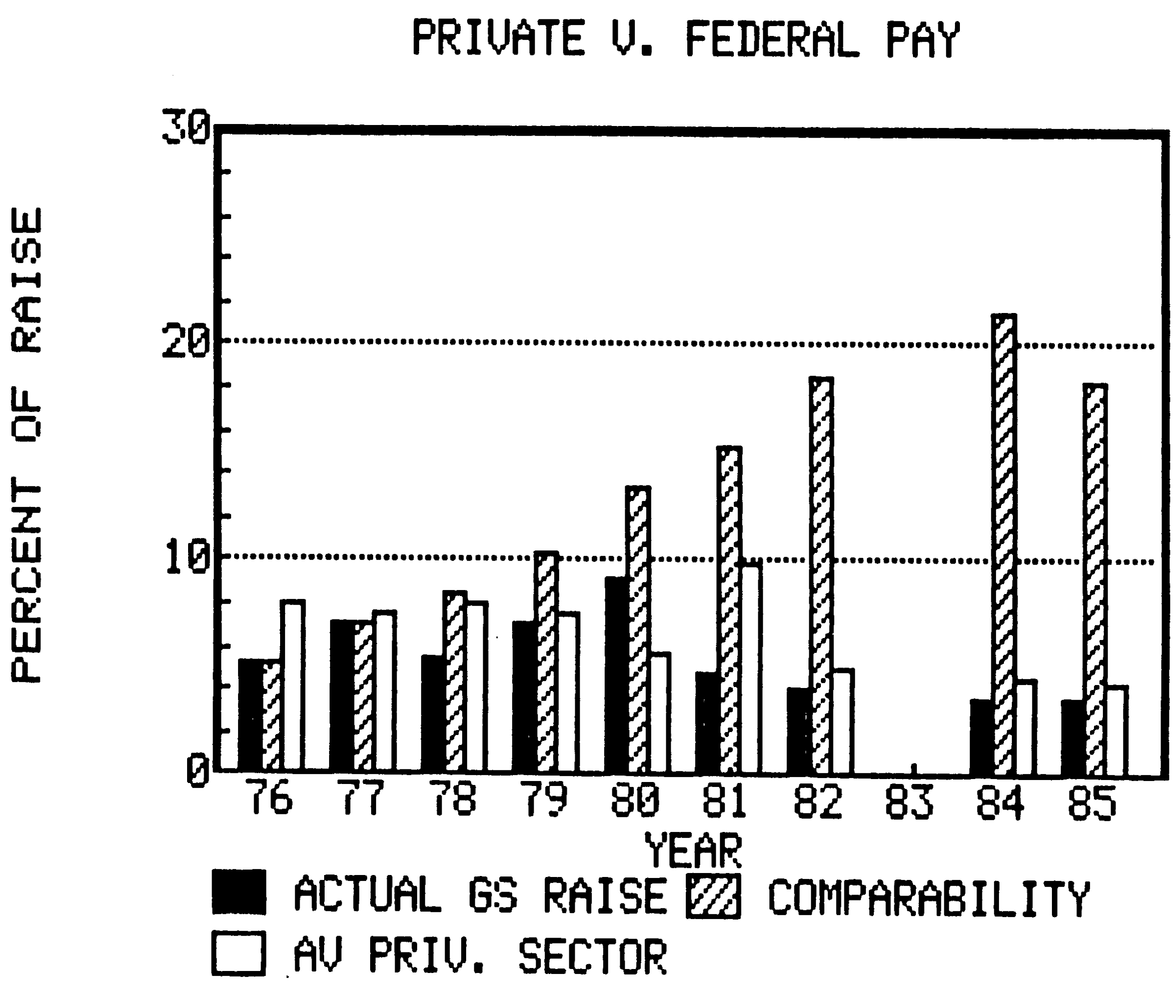


CHART NO. 2

CHART NO. 3

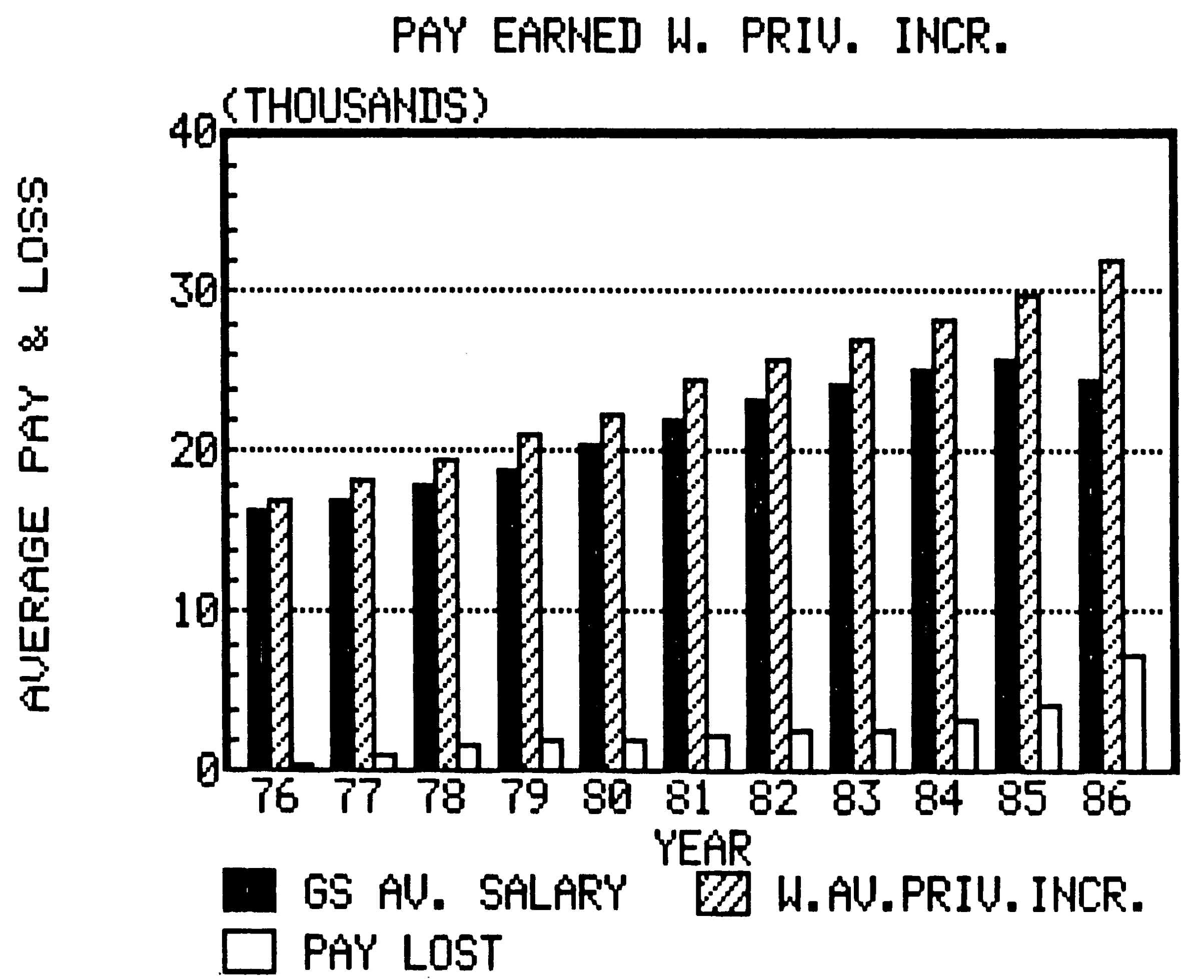


CHART NO. 3

	GS AV. SALARY	W. AV. PRIV. INCR.	PAY LOST
76	16352	16891	539
77	17170	18175	1005
78	17995	19629	1634
79	18984	21121	2137
80	20313	22346	2033
81	22162	24558	2396
82	23225	25781	2536
83	24154	26946	2792
84	25000	28132	3132
85	25875	29961	4086
86	24581	32028	7447

CHART NO. 4

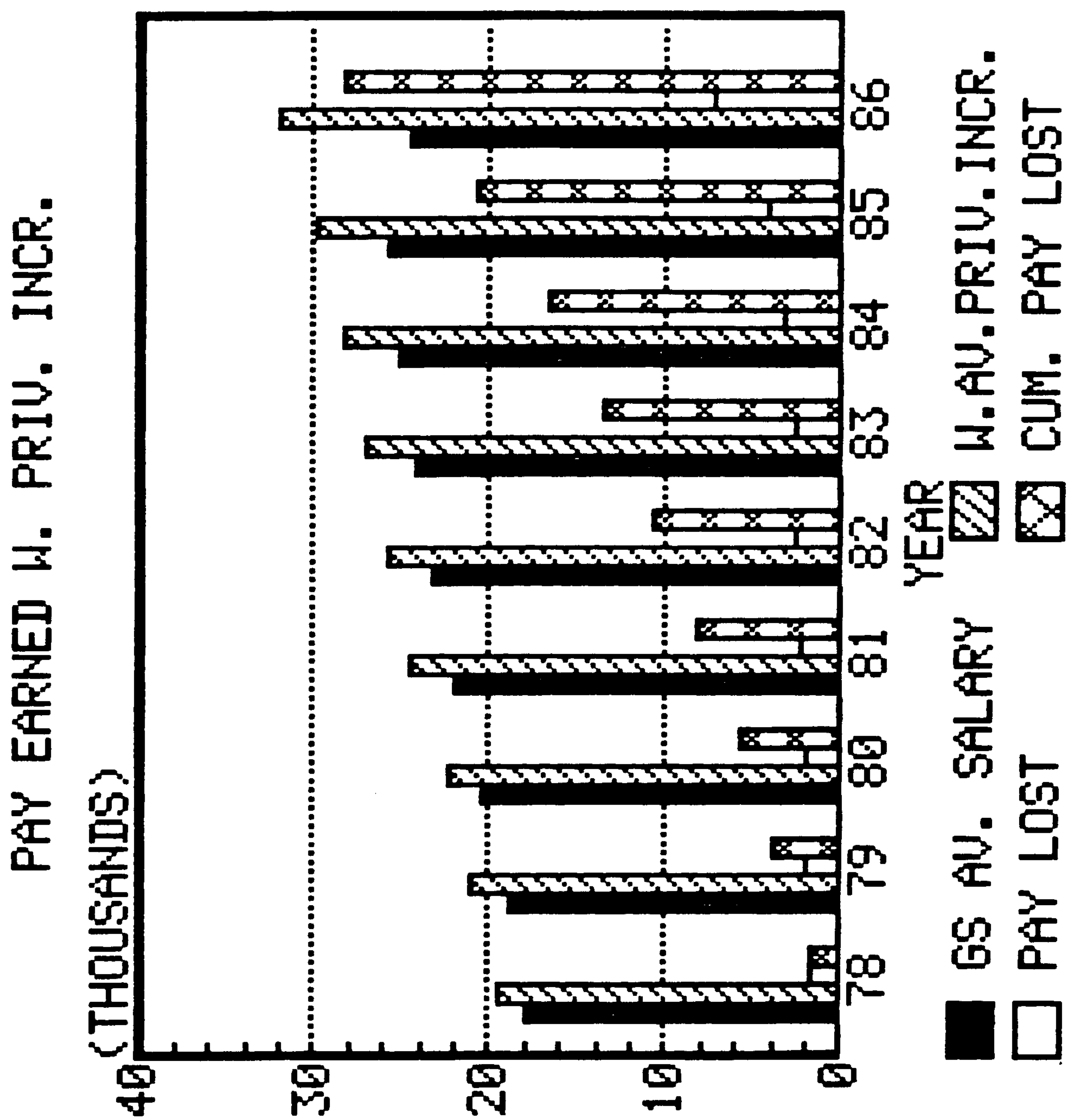


CHART NO. 4

AVERAGE PAY & LOSS

	GS AV. SALARY	W.AV.PRIV.INCR.	PAY LOST	CUM. PAY LOST
78	17995	19629	1634	1634
79	18984	21121	2137	2137
80	20313	22346	2033	2033
81	22162	24558	2396	2396
82	23225	25781	2536	2536
83	24154	26946	2792	2792
84	25000	28132	3132	3132
85	25875	29961	4086	4086
86	24581	32028	7447	7447

CHART NO. 5

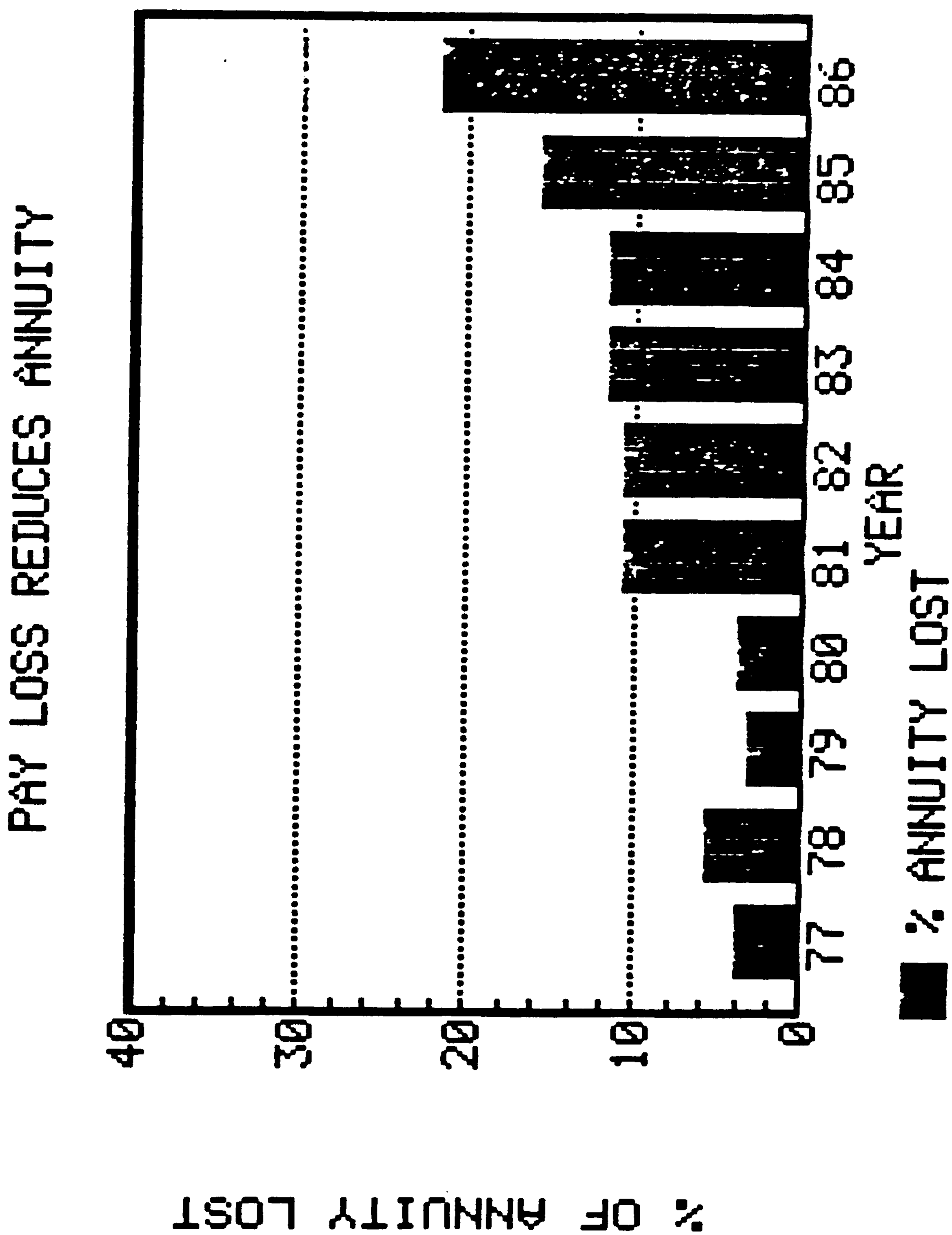


CHART NO. 5

	% ANNUITY LOST
77	3.80
78	5.80
79	3.40
80	4
81	10.80
82	10.90
83	11.60
84	11.70
85	15.80
86	

CHART NO. 6

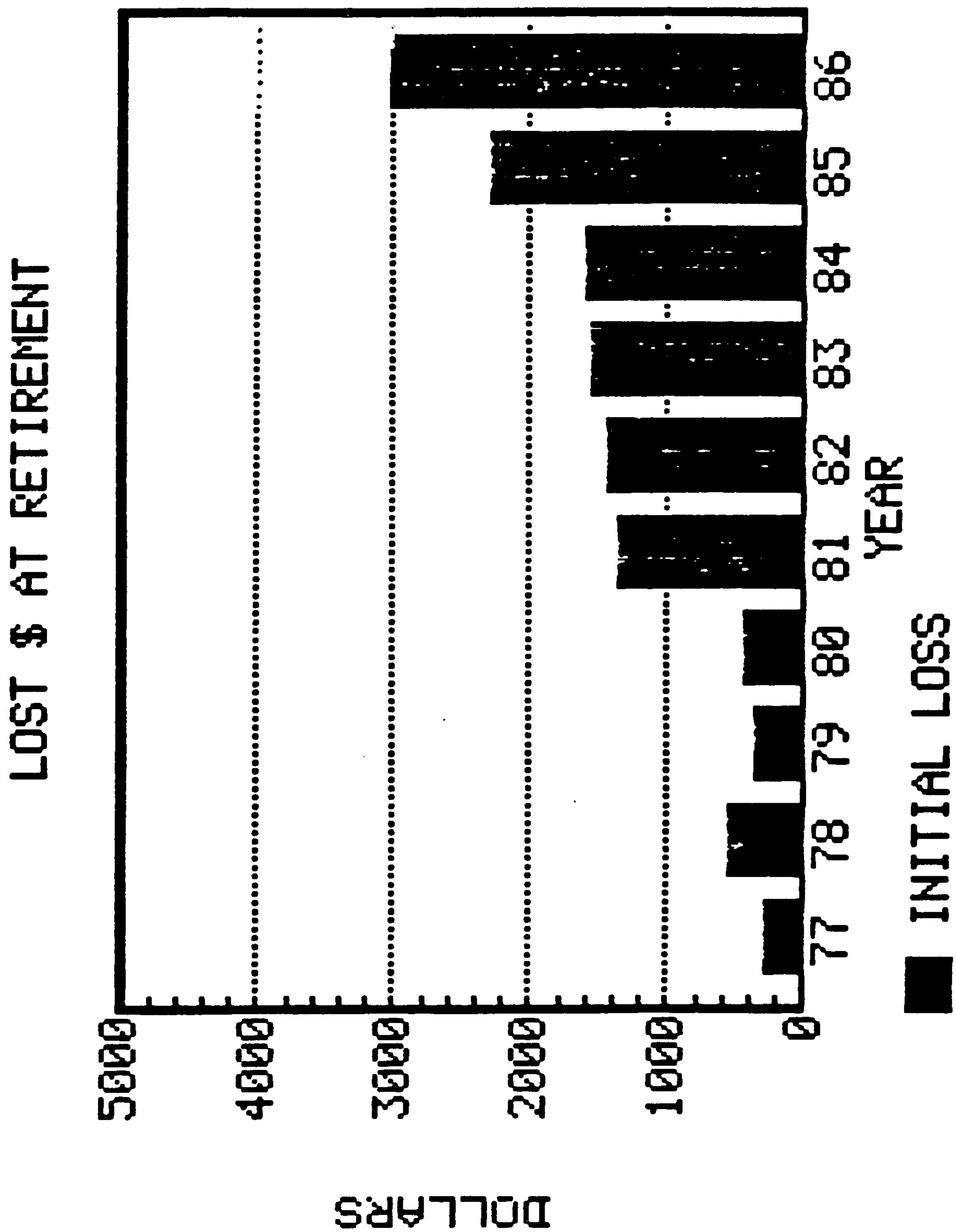


CHART NO. 6

	INITIAL LOSS
77	303.18
78	565.31
79	362.81
80	454.50
81	1347.75
82	1426.50
83	1572.18
84	1586.25
85	2298.37
86	

CHART NO. 7

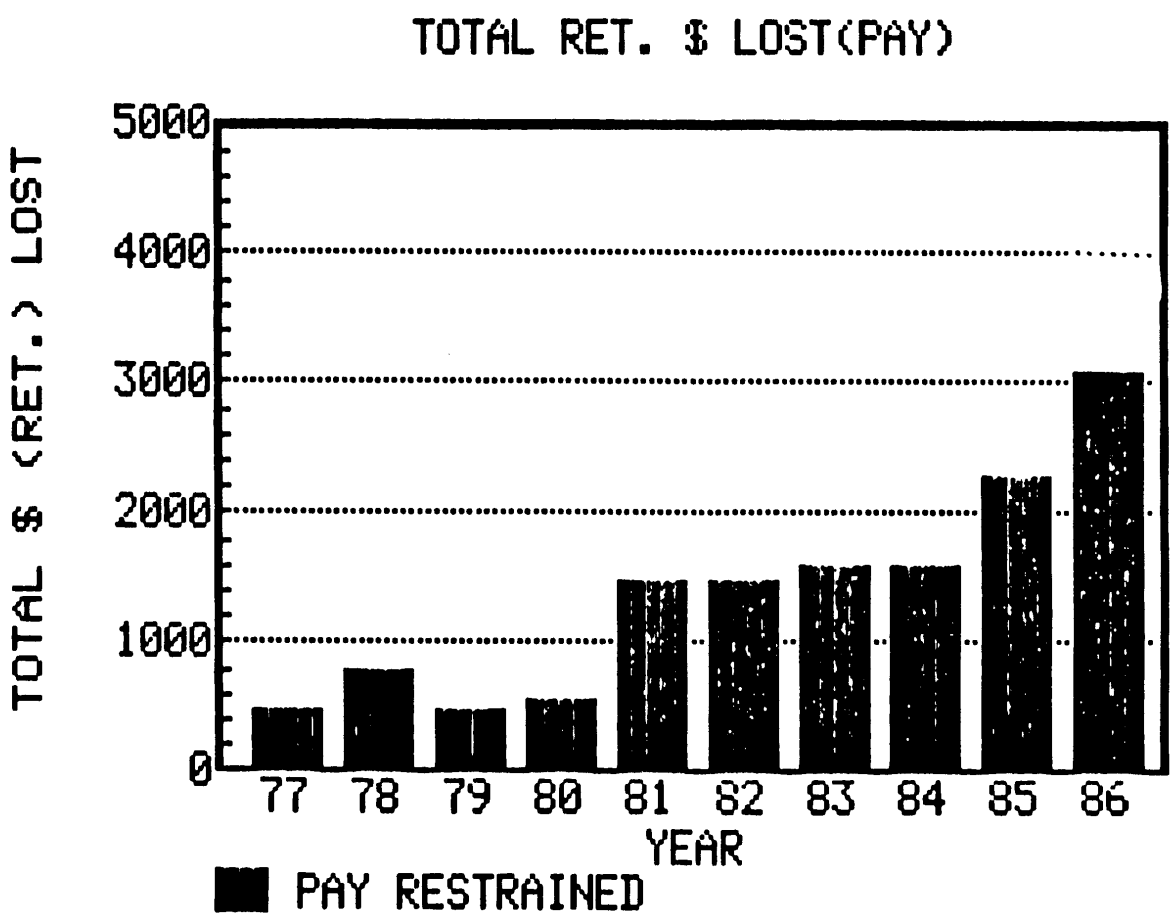


CHART NO. 7

	PAY RESTRAINED
77	496.31
78	776.58
79	470.22
80	541.74
81	1477.57
82	1480.88
83	1599.70
84	1586.25
85	2298.37
86	

CHART NO. 8

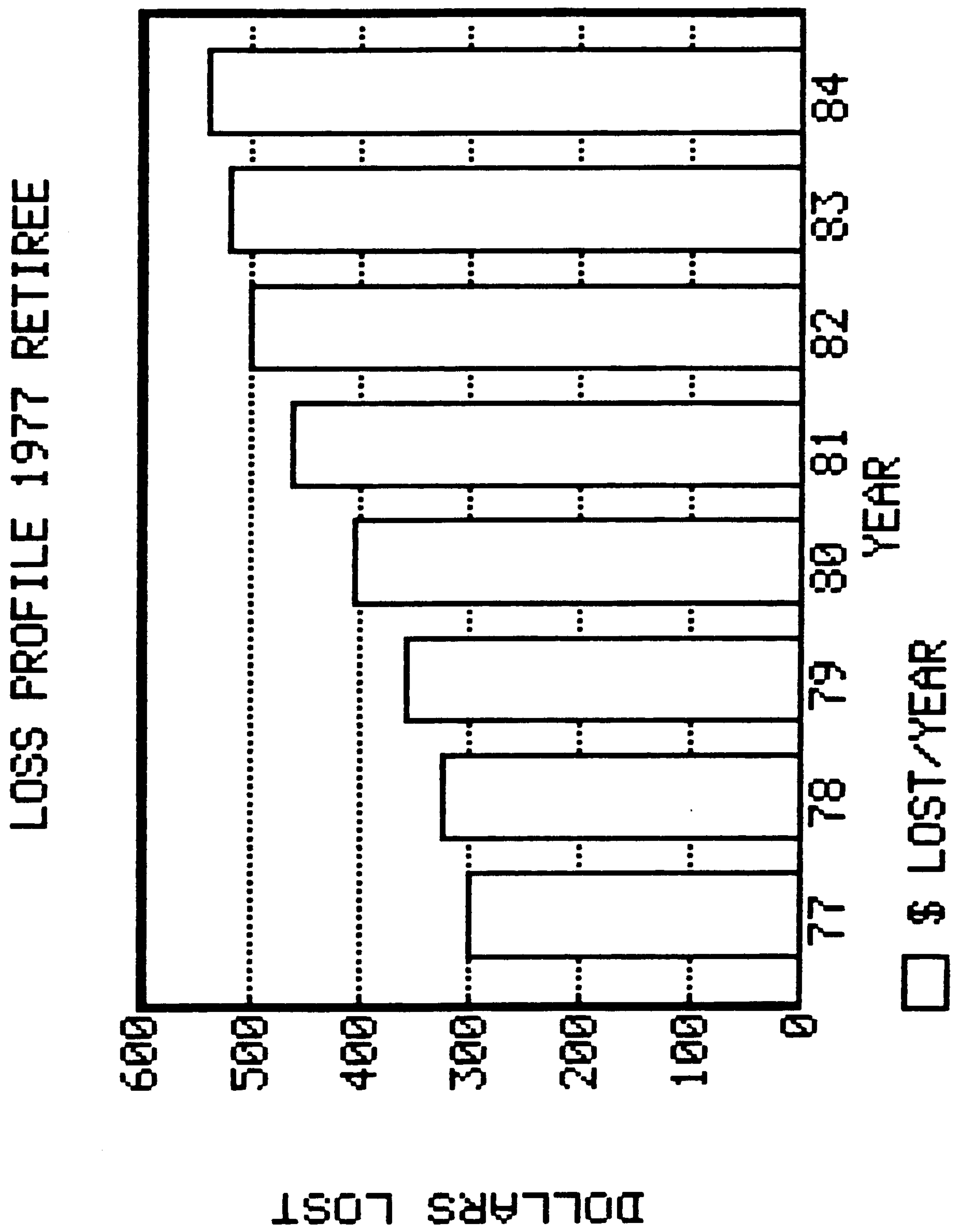


CHART NO. 8

	$ LOST/YEAR
77	303
78	325
79	360
80	409
81	463
82	503
83	523
84	541

CHART NO. 9

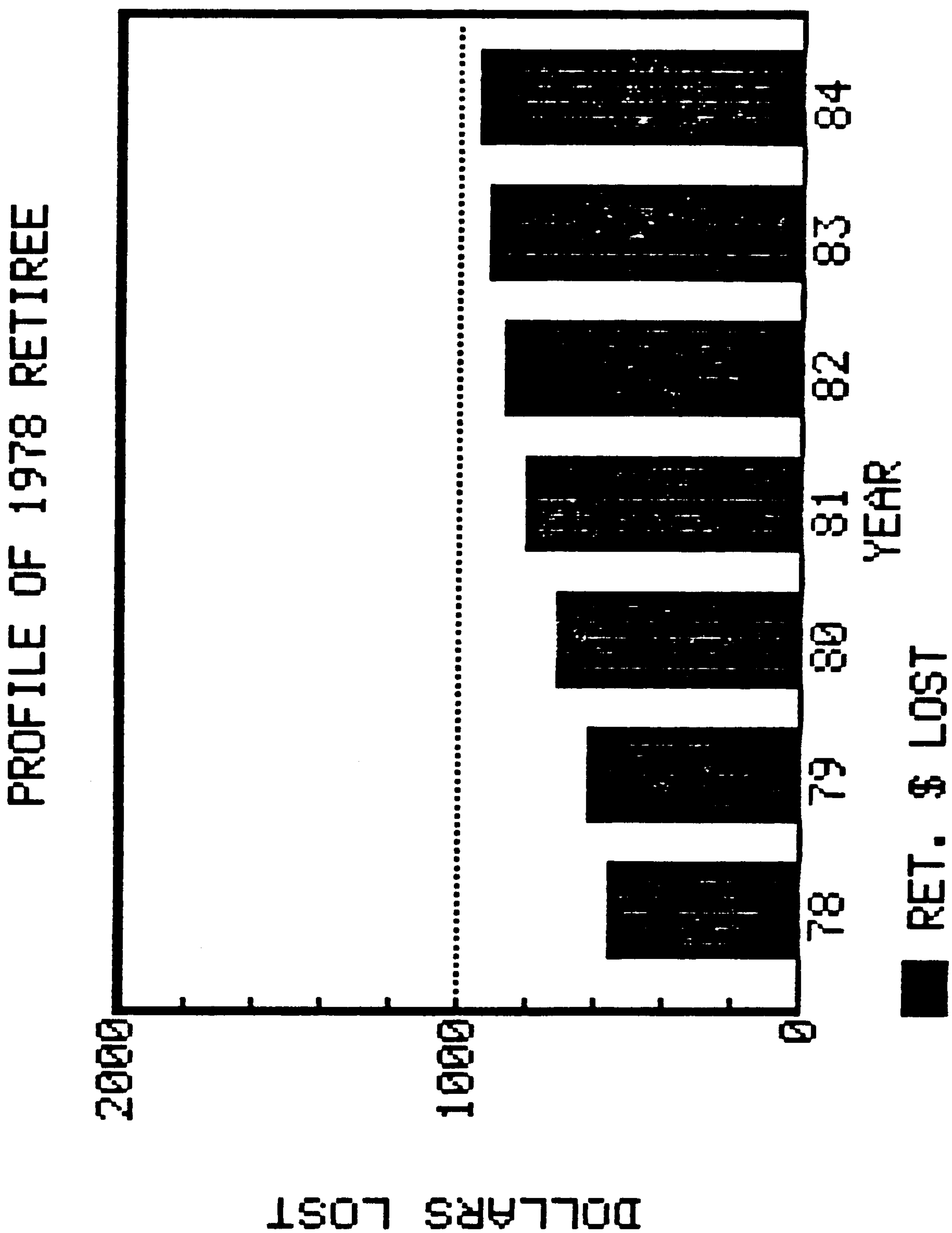


CHART NO. 9

	RET. $ LOST
78	565
79	626
80	712
81	805
82	875
83	909
84	941

CHART NO. 10

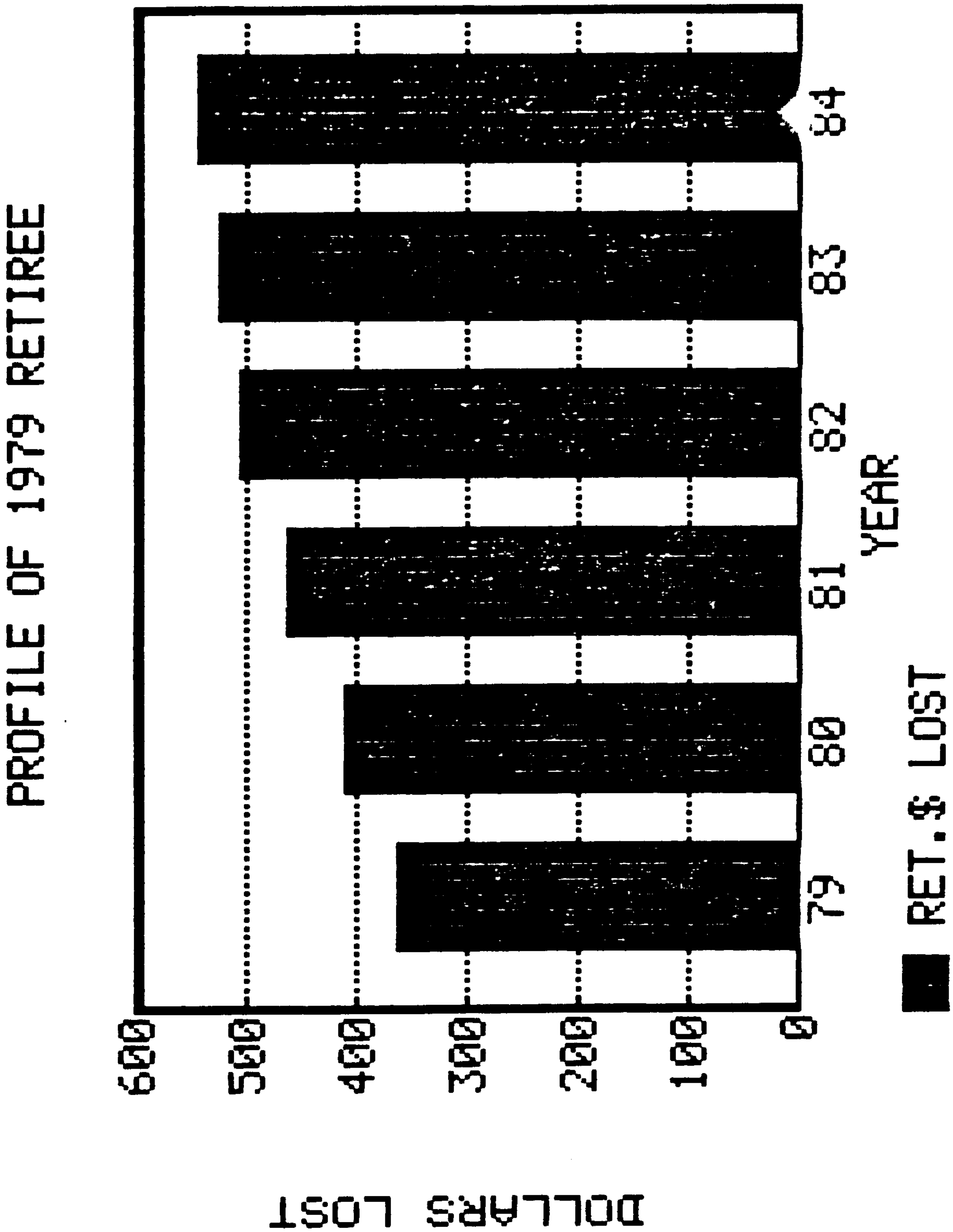
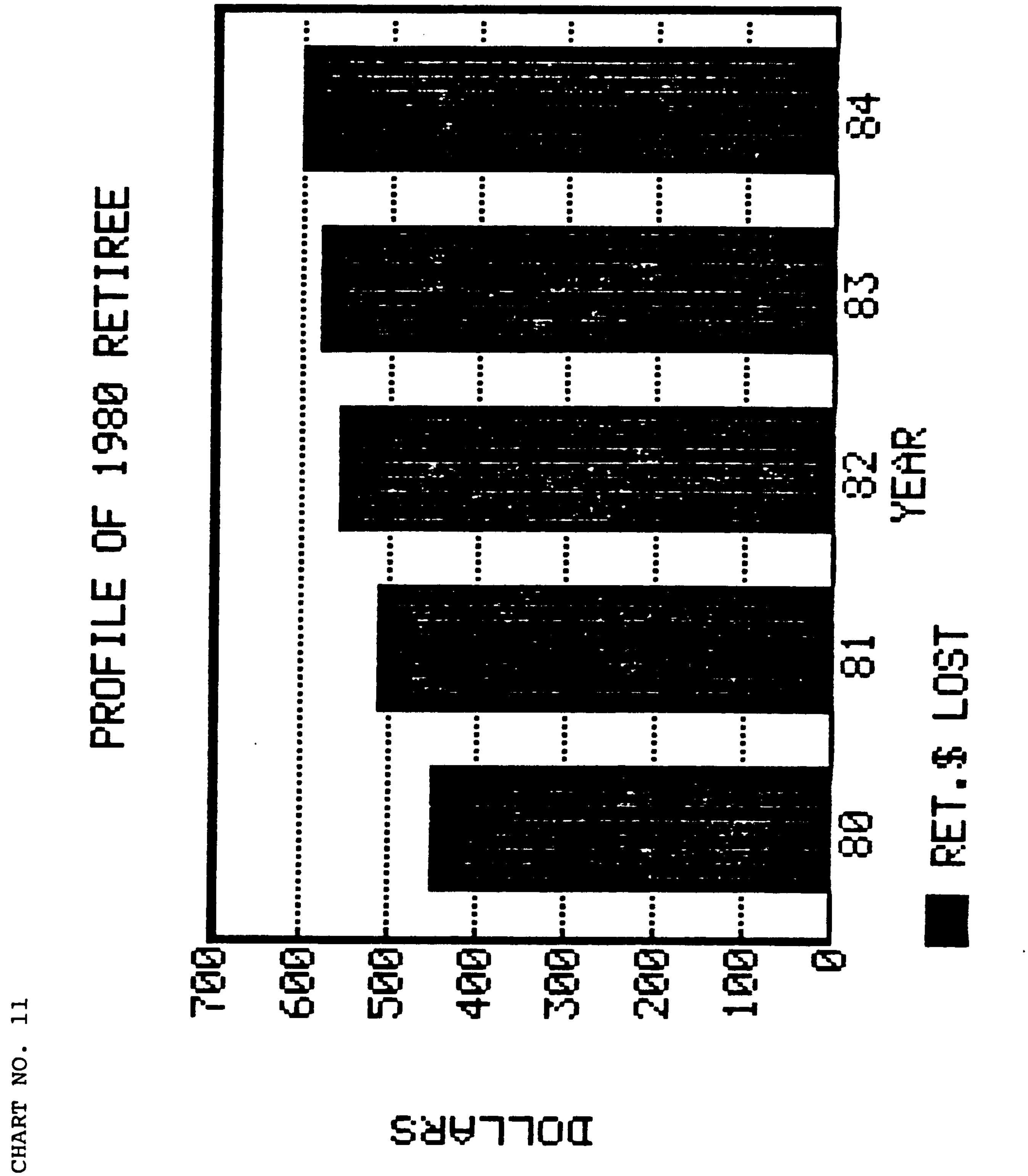


CHART NO. 10

	RET.$ LOST
79	362
80	412
81	466
82	507
83	526
84	545

CHART NO. 11


PROFILE OF 1980 RETIREE
DOLLARS
700
600
500
400
300
200
100
0
80
81
82
83
84
YEAR
RET.$ LOST
CHART NO. 11

	RET.$ LOST
80	454
81	514
82	558
83	580
84	600

CHART NO. 12

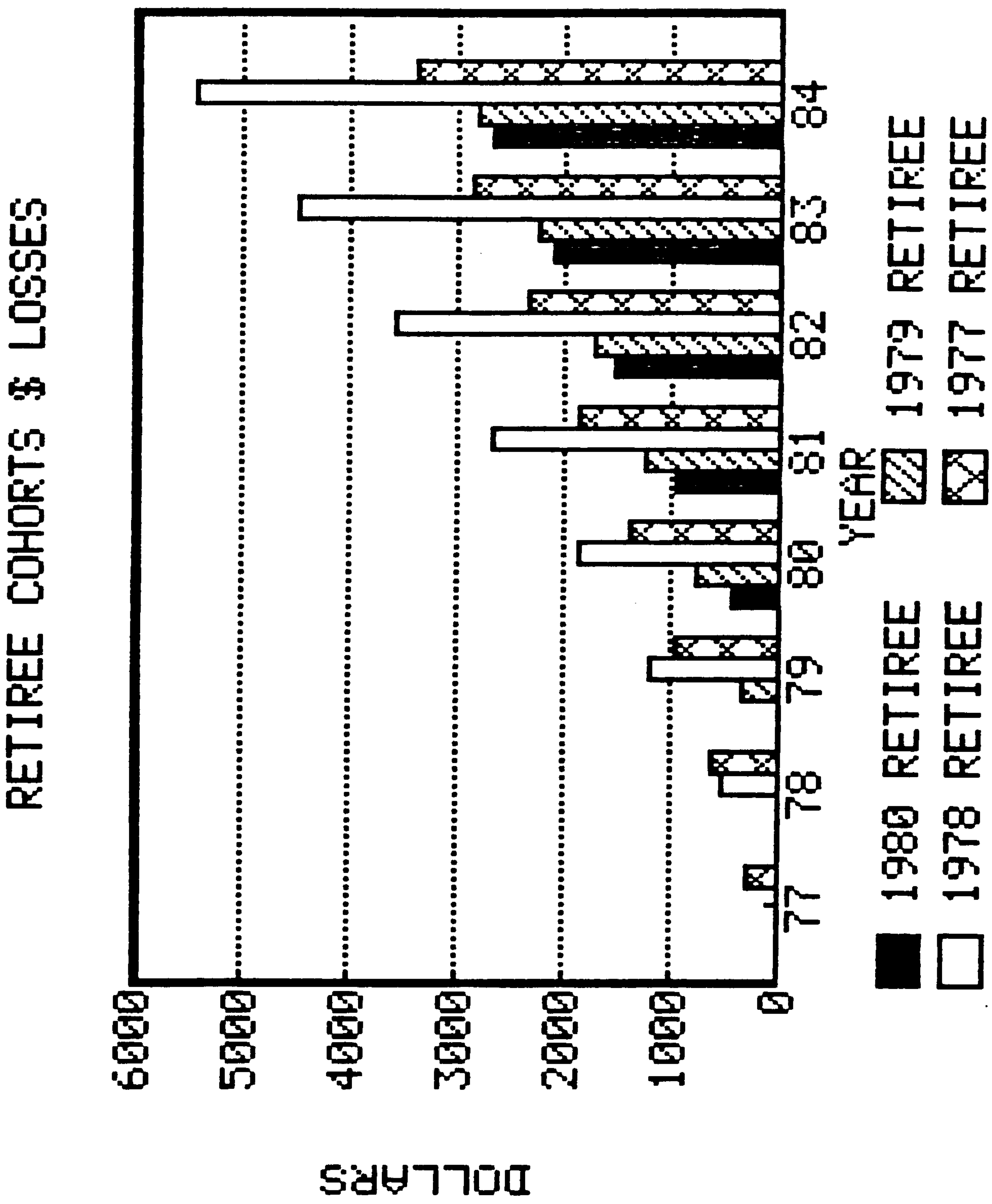


CHART NO. 12

	1980 RETIREE	1979 RETIREE	1978 RETIREE	1977 RETIREE
77				303
78			565	325
79		362	626	360
80	454	412	712	409
81	514	466	805	463
82	558	507	875	503
83	580	526	909	523
84	600	545	941	541

CHART NO. 13

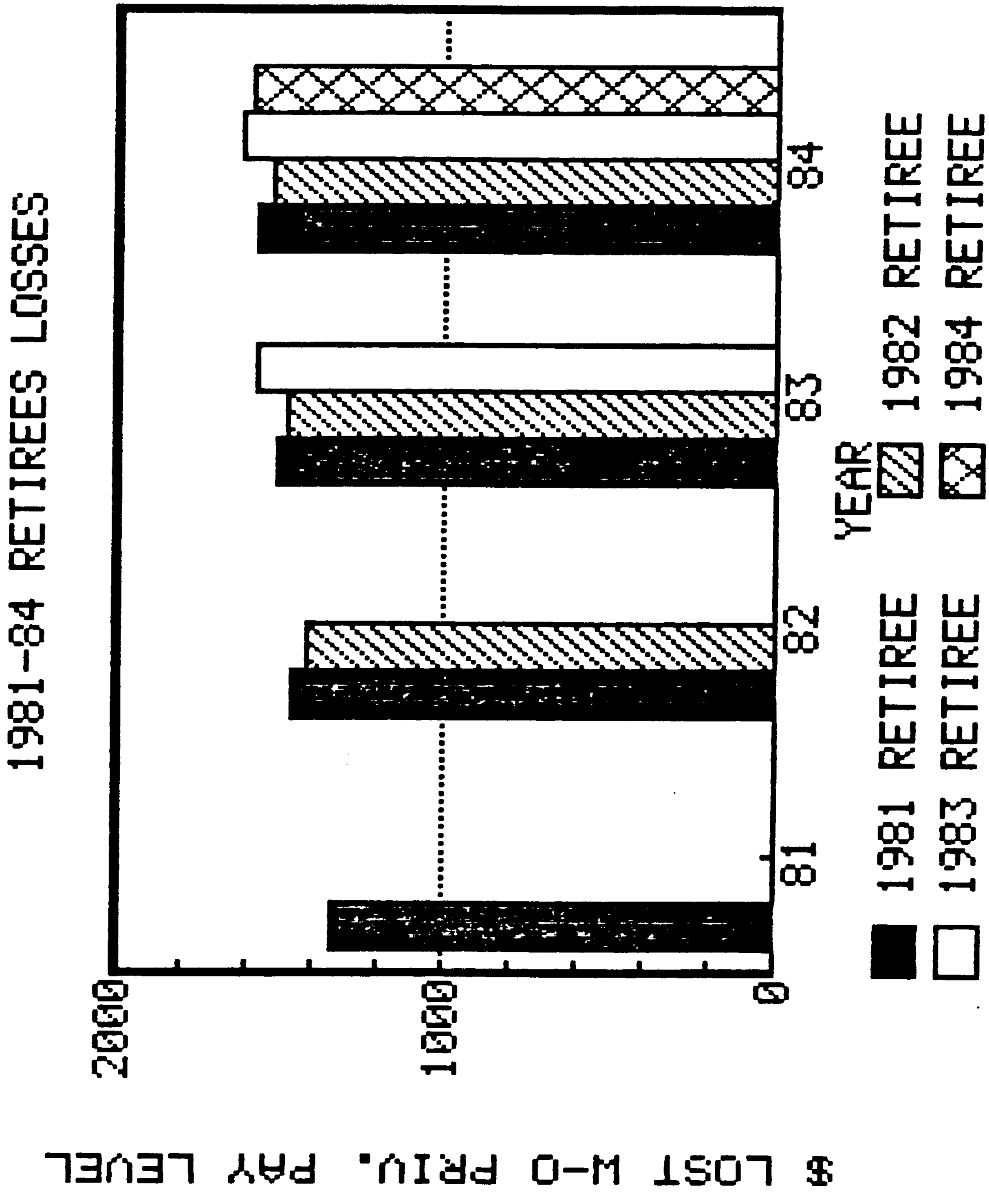


CHART NO. 13

	1981 RETIREE	1982 RETIREE	1983 RETIREE	1984 RETIREE
81	1347			
82	1465	1426		
83	1522	1482	1572	
84	1575	1534	1627	1586

CHART NO. 14

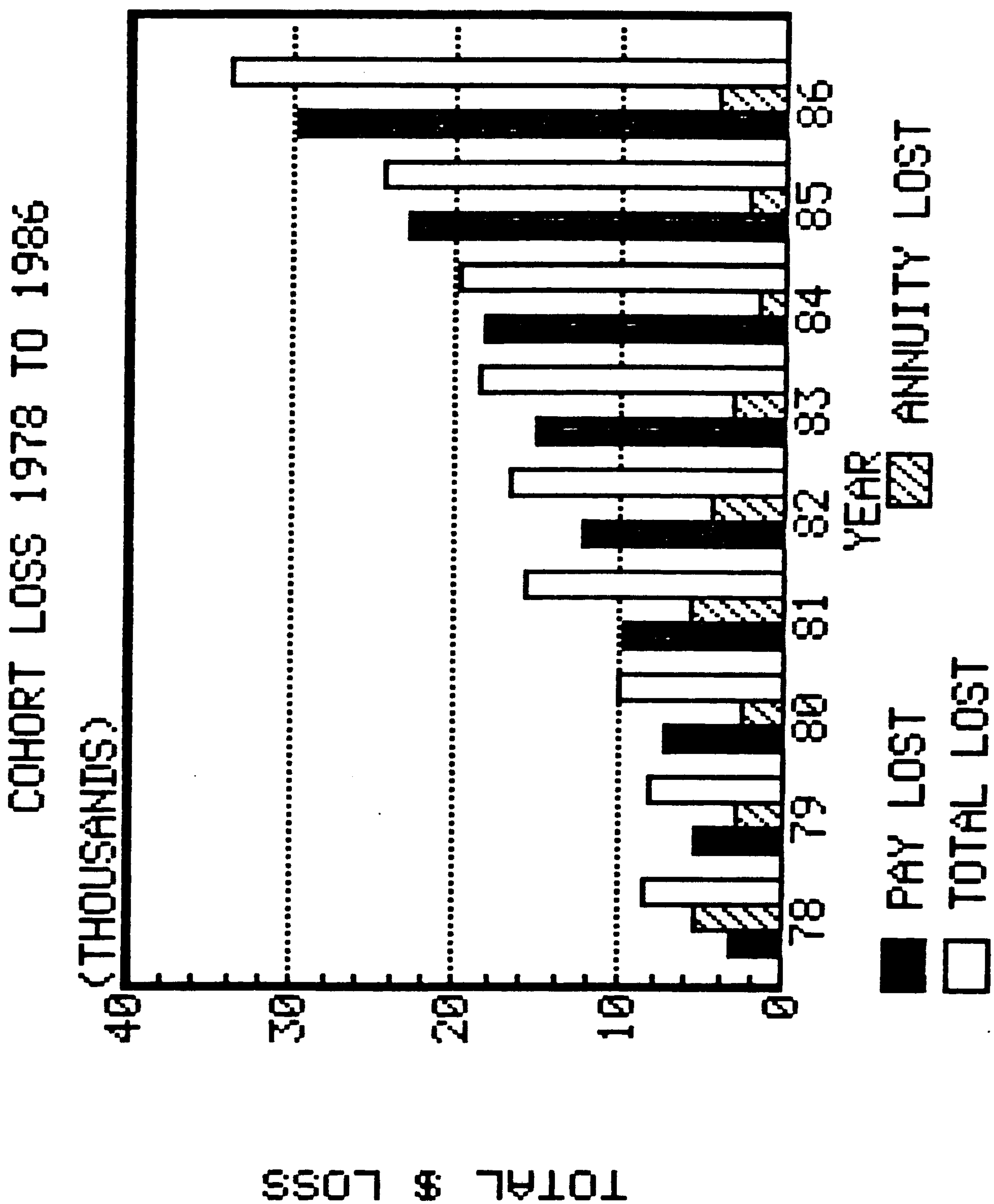


CHART NO. 14

	PAY LOST	ANNUITY LOST	TOTAL LOST
78	3178	5436	8614
79	5315	2821	8136
80	7348	2708	10056
81	9744	5910	15654
82	12280	4442	16722
83	15072	3199	18721
84	18204	1586	19790
85	22920	2298	24588
86	29737	4188	33925

TESTIMONY BY REP. VIC FAZIO

ON THE IMPACT OF FY 86 BUDGET PROPOSALS

UPON FEDERAL EMPLOYEES AND RETIREES

BEFORE THE HOUSE SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS

February 26, 1985

This Subcommittee, under your leadrship Madam Chair, has championed a responsible course in Federal pay and benefits--one that has kept faith with both the public servant and with the taxpayer. We owe you a debt of thanks. I know that our Task Force Members look forward to working with you and your Subcommittee to continue on a responsible course in Federal pay and benefits policy.

Our Task Force analysis demonstrates how badly we have breached our good faith commitment to keep Federal pay in line with private sector pay. We have failed even by the most conservative standards. When an enterprise in the private sector fails to meet the market rates for labor for a period of years, it finds itself trapped in a downward spiral. Its most productive people bail out. Successful retrenchment plans always minimize the period in which wages and benefits are cut. Such plans plot a clear course toward restoring pay to market rates.

Private workers have suffered the pain of retrenchment in a number of major companies, but in most instances, companies took pains not to breach faith with their workers. Private executives worked hard to avoid conveying a sense of hopelessness to their workers and to the public.

<u>It's time to give Federal workers a boost.</u>

After eight years of pay cuts--and when we fail to meet the going private rate we are cutting pay--Federal workers realize that belt-tightening is not a one-year or two-year or three-year affair. It has become an annual exercise in real dollars and sense sacrifice. The snowball effects just described for the Subcommittee literally leave Federal families out in the cold.

Not only has Federal pay fallen short of the average private mark, it has also, since 1970, fallen well behind rising consumer prices. During the last fifteen years, consumer prices have risen 309.1% but Federal pay has increased by only 221.7%. Private sector workers, by comparison, took home 291% in wage increases. They, at least, broke even. Rather than tread water, Federal workers found themselves submerged by a nearly one-third loss in their purchasing power (See chart no. 1).

Since 1970, the Federal payroll shrunk as a share of budget outlays from 13.3% of outlays to 8.8%. Federal workers' share of the civilian labor force also dropped from 3.4% to 2.5%--a decline of one-fourth. Federal employment dropped from 2.6 million to 1.72 million (competitive service). (See tables no. 1 , 2 & 3 provided by the Congressional Research Service.)

For fifteen years, we've asked fewer Federal workers to do more with fewer resources--and they have. Their reward has been a steady diet of sacrifice. We have cut their purchasing power by a full third.

Mike Barnes noted that young Americans on the threshhold of their careers recoil from the stigma and sacrifice of Federal service. When we look at these numbers, we can understand why.

We read yesterday in the Washington Post about the Office of Personnel Management dragging its feet on implementing the 1981 consent decree that replaced the PACE exam we used to competitively recruit for Federal service. This foot dragging is symptomatic of an indifference to whether our government can hire talent coveted by the private sector. We have to be able to compete with the private sector. Public service has been a partner in innovation that has spurred private growth and technological advancement. We can not afford to cripple that partnership any more than we can allow Federal deficits to go unchecked.

A disastrous package of proposals

Mike Barnes has described the effects of a 5% paycut on both employees and retirees. For the 1986 retiree, the initial loss in annuity as a result of pay restraint would jump 6 points to 21.7%. In this context, the Administration's proposals to cut deeply into retirement appear, in my judgment, ludicrous.

We rejected most of these proposals last year and many the year before that. Yet, here we are again. Nevertheless, it's worth taking a quick look at the impact of some of these proposals upon the average Federal retiree and the Federal employee who is about to retire. We've selected the proposed change to a high-5 salary base, the proposal to restrain COLA to the lesser of the General Schedule increase or the CPI, and the proposed COLA freeze.

We did not analyze the recommendation to means test the COLA and reduce it for retirees with annuities in excess of $10,000 because we reject the concept that an earned benefit should be means tested. The Civil Service Retirement System is not a need-based entitlement, it is an integral part of our compensation package. Private sector pension practice does not use a means test to adjust annuities for this reason. Further, a means test only reinforces the notion that Federal employees are maintained at the public's expense rather than productively employed in the public interest.

A switch to a high-5 base would cost the 1986 retiree 7% of his or her annuity from the time of retirement through 1990. That comes to $5,220 for the average retiree or $1,044 per year. For the purpose of this analysis, we assumed a 1986 COLA freeze, which I sincerely hope we can avoid. (See chart no. 2).

The proposed limitation of COLAs to the lesser of the GS pay raise or the CPI hurts even more. Since the Administration would couple the 5% pay cut with this COLA limitation, Federal annuities could also be reduced by 5%. For the 1986 retiree, the loss for the period 1985 to 1990 would be $5,354 or 6.5% of his annuity. (See chart no. 3)

Similarly, freezing the COLA in 1986 would cost the average retiree $1,836 through 1990, an average of $367 per year. (See chart no. 4). The cumulative effects of a COLA freeze on an average employee retiring in the next year would amount to $9,176 through 1990--an average of $1,835 per year or 11.55% of his or her expected pension per year.

Direct cuts to Civil Service Retirement enacted over the past several years, according to this Committee's own analysis already have been reduced by 10%. If we pile these cuts on top of the extent to which pay cuts limit annuities, it becomes clear why this Committee rejects any further tampering with the existing retirement system--particularly at a time when it must wrestle with legislation to provide a supplemental pension for Federal employees covered under Social Security.

The private sector experience

I would like to take this opportunity to set the record straight on two other points. Those who argue that private workers simply gave back huge portions of their wages in the last year are misleading the American people. Labor did not get up from the bargaining table empty-handed. In exchange for wage concessions, they received additional job security or they participated in innovative programs designed to revitalize the job market in their areas of employment. In 1984, 75% of all collective bargaining agreements included provisions to strengthen worker protection during technological change, work transfer or plant closings.

For example, Republic Airlines, Inc. and Airline Pilots Association agreed last year to a contract that extended a 15% pay reduction that began in October 1982 through the end of March 1987. On its face these appear to be pretty grim figures, even though the effect of the reduction is spread across 6 years. Republic Air, however, as an incentive to its employees, agreed to restore wages by 9% in 1986 if the company shows $20 million in profits. Republic also converted its employee profit-sharing plan into a stock ownership plan (ESOP) and issued 1,666,000 shares of the company's common stock to a trust set up for the employees. The current value of the stock is $6 per share. Along with the stock, employees received voting rights as company share holders.

Eastern Airlines concluded a similar agreement with the Airline Pilots Association. Employees directly invested 18% of their 1984 wages in Eastern stock ($6 per share). The company issued 12 million shares to its employees on a pro rata basis based upon their invested pay.

Our Task Force is collecting examples of such quid pro quo agreements and when we have tabulated our findings we will be happy to share them with the Subcommittee. Even preliminary analysis, nevertheless, indicates that give backs are the temporary exception and not the rule in the private sector. In 1986, as we have noted, private salary increases are expected to average 6.9%. As we reach for the zenith of economic recovery, private sector workers are gearing up to participate in the upturn.

I share the Subcommittee's views about the Office of Personnel Management's quit rate analysis. The OPM study, based upon stale data, methodologically indefensible, and from the standpoint of responsible management practice totally incoherent, is yet another exercise in arrogance disguised as fiscal responsibility.

If we want to be fiscally responsible and fully accountable to the American people, we should recognize that the $3.4 billion in savings can be more than offset by the disastrous consequences of a pay cut on productivity and the quality service delivery.

We recently discovered that a one-half percent increase in the error rate in processing Social Security payments can result in a $1 billion loss to the Treasury. Similar losses could ocurr at I.R.S. and other agencies. Such losses would quickly eat up and probably exceed the savings attributable to a pay cut.

Conclusion

In my view, the proposed pay cut and retirement changes in the Administration's FY 86 budget are wholly indefensible. They will not work from a budgetary standpoint. They would come at a disastrous moment for the Federal service--at a time when we should be rebuilding public confidence. They would violate every principle of responsible personnel management now employed in the private sector.

In short, Madam Chair, we have to start paying the going rate for employees. We should be prepared to act responsibly, not precipitously. It's time we restored the pride and confidence that a short time ago characterized public service. It's time we recognized the thousands of employees in government who risk their lives to protect us. It's time we restored the image of the Federal worker on the front lines of America's new frontiers.

This was not empty idealism during John Kennedy's Presidency and it should not be mere rhetoric while Ronald Reagan is in office.

INCREASES IN SOCIAL SECURITY BENEFITS, FEDERAL CIVILIAN AND MILITARY RETIREMENT, MILITARY PAY, FEDERAL PAY, VETERANS COMPENSATION, AVERAGE WAGES, AND THE CONSUMER PRICE INDEX

YEAR	SOCIAL SECURITY		FED/CIVILIAN MILITARY RETIRE		FEDERAL PAY *		MILITARY PAY		VETERANS COMP		AVERAGE WAGES		CONSUMER PRICE INDEX	
1970	JAN	15.0%	AUG	5.6%	JAN	6.0%	JAN	6.0%	JULY	10.0%	JULY	4.8%	JULY	5.8%
1971	JAN	10.0%	JUNE	4.5%	JAN	6.0%	JAN	6.0%			JULY	5.1%	JULY	4.4%
							NOV	13.1%						
1972	SEPT	20.0%	JULY	4.8%	JAN	5.5%	JAN	5.5%	AUG	10.0%	JULY	7.6%	JULY	3.0%
1973			JULY	6.1%	JAN	5.1%	JAN	5.1%			JULY	7.6%	JULY	5.7%
					OCT	4.8%	OCT	4.8%						
1974	JUNE	11.0%	JAN	5.5%	OCT	5.5%	OCT	5.5%	MAY	17.2%	JULY	6.2%	JULY	11.5%
			JULY	6.3%										
1975	JUNE	8.0%	JAN	7.3%	OCT	5.0%	OCT	5.0%	AUG	11.8%	JULY	4.8%	JULY	9.6%
			AUG	5.1%										
1976	JUNE	6.4%	MARCH	5.4%	OCT	4.8%	OCT	4.8%	OCT	8.0%	JULY	8.1%	JULY	5.5%
1977	JUNE	5.9%	MARCH	4.8%	OCT	7.1%	OCT	7.1%	OCT	6.6%	JULY	7.6%	JULY	6.7%
			SEPT	4.3%										
1978	JUNE	6.5%	MARCH	2.4%	OCT	5.5%	OCT	5.5%	OCT	7.3%	JULY	8.0%	JULY	7.7%
			SEPT	4.9%										
1979	JUNE	9.9%	MARCH	3.9%	OCT	7.0%	OCT	7.0%	OCT	9.9%	JULY	7.6%	JULY	11.4%
			SEPT	6.9%										
1980	JUNE	14.3%	MARCH	6.0%	OCT	9.1%	OCT	11.7%	OCT	14.3%	JULY	5.8%	JULY	13.2%
			SEPT	7.7%										
1981	JUNE	11.2%	MARCH	4.4%	OCT	4.8%	OCT	14.3%	OCT	11.2%	JULY	9.9%	JULY	10.7%
1982	JUNE	7.4%	MARCH	8.7%	OCT	4.0%	OCT	4.0%	OCT	7.4%	JULY	4.9%	JULY	6.7%
1983	DEC	3.5%	APRIL	3.9%					OCT	3.5%	JULY	4.6%	JULY	2.4%
1984	DEC	3.5%	DEC	3.5%	JAN	3.5%	JAN	4.0%	APRIL	3.5%	JULY	4.4%	JULY	4.1%
									DEC	3.2%				
1985	JAN	3.5%	JAN	3.5%	JAN	3.5%	JAN	4.0%	JAN	3.5%	JULY	6.5%	JULY	3.9%
							July	3.0%						
1986	JAN	4.1%	JAN	4.1%	JAN	-5.0%	JAN	...	JAN	4.1%	JULY	6.9%	JULY	4.3%
TOTAL GROWTH COMPOUNDED		378.1%		320.2%		221.7%		318.5%		350.0%		291.2%		309.1%

Chart 1

Chart 2

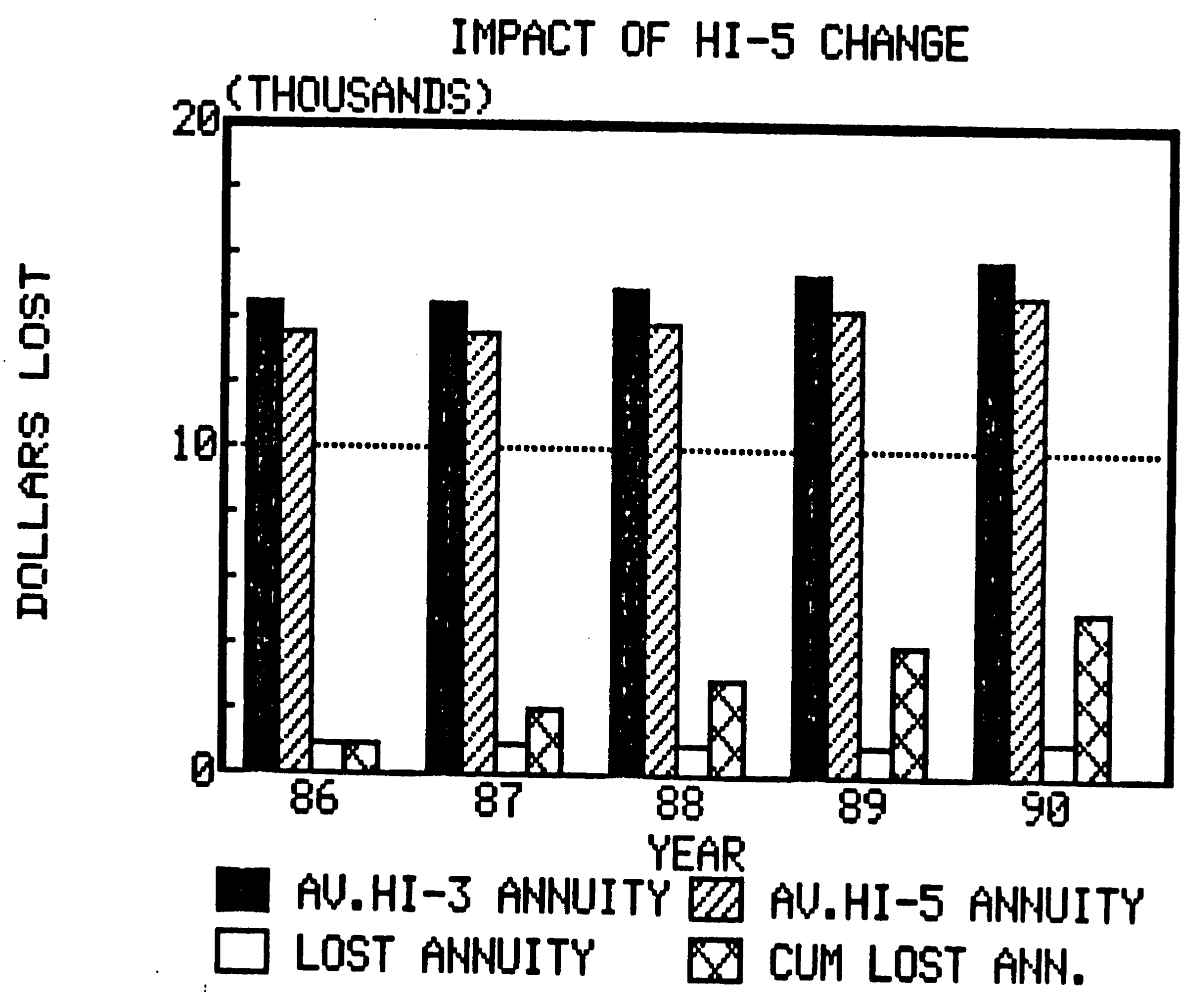


CHART 2

Declassified in Part - Sanitized Copy Approved for Release 2012/10/09 : CIA-RDP87M01152R000200160012-5

	AV.HI-3 ANNUITY	AV.HI-5 ANNUITY	LOST ANNUITY	CUM LOST ANN.
86	14554	13546	1007	1007
87	14554	13546	1007	1007
88	14990	13953	1037	1037
89	15440	14371	1068	1068
90	15903	14802	1100	1100

CHART 3

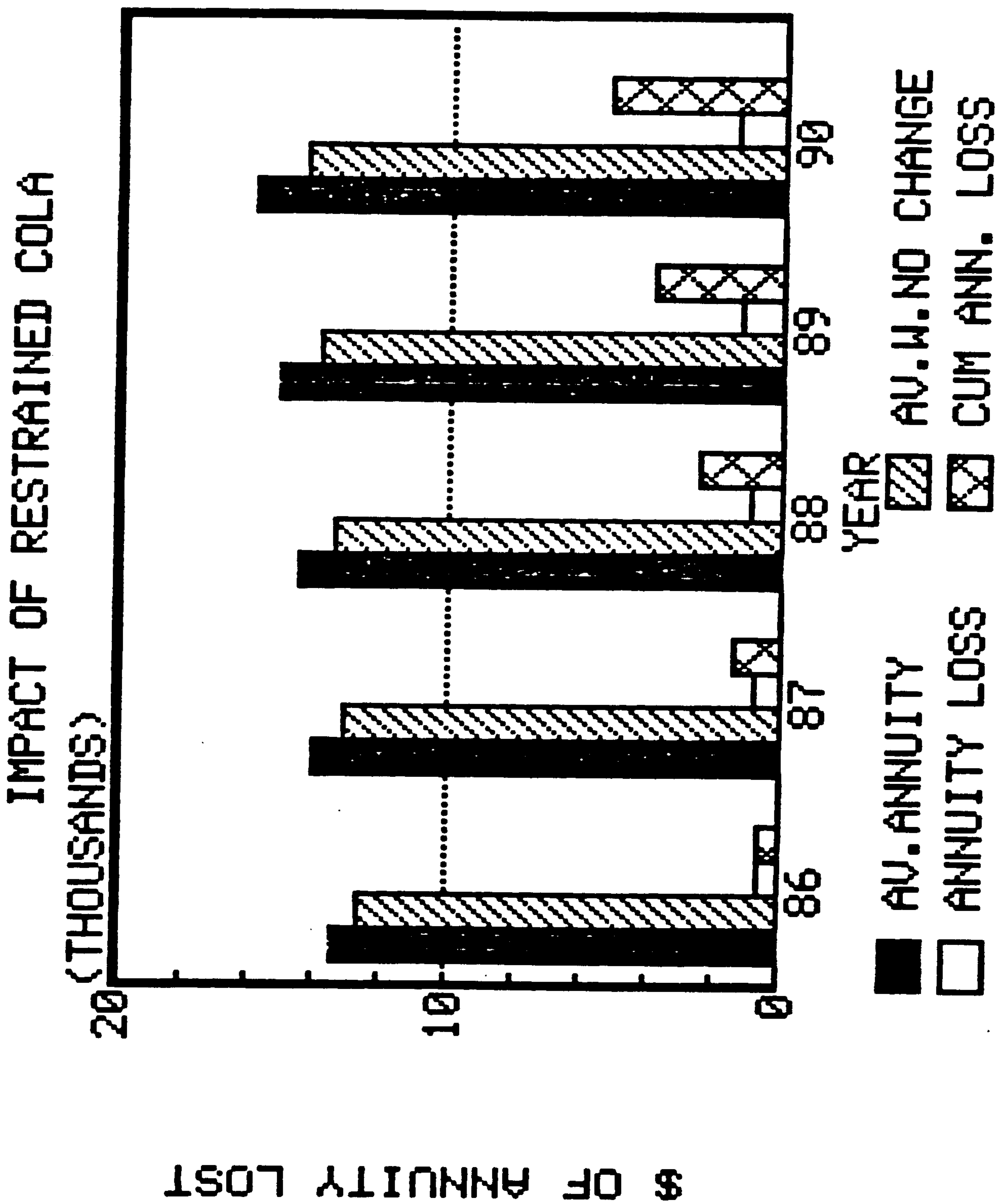
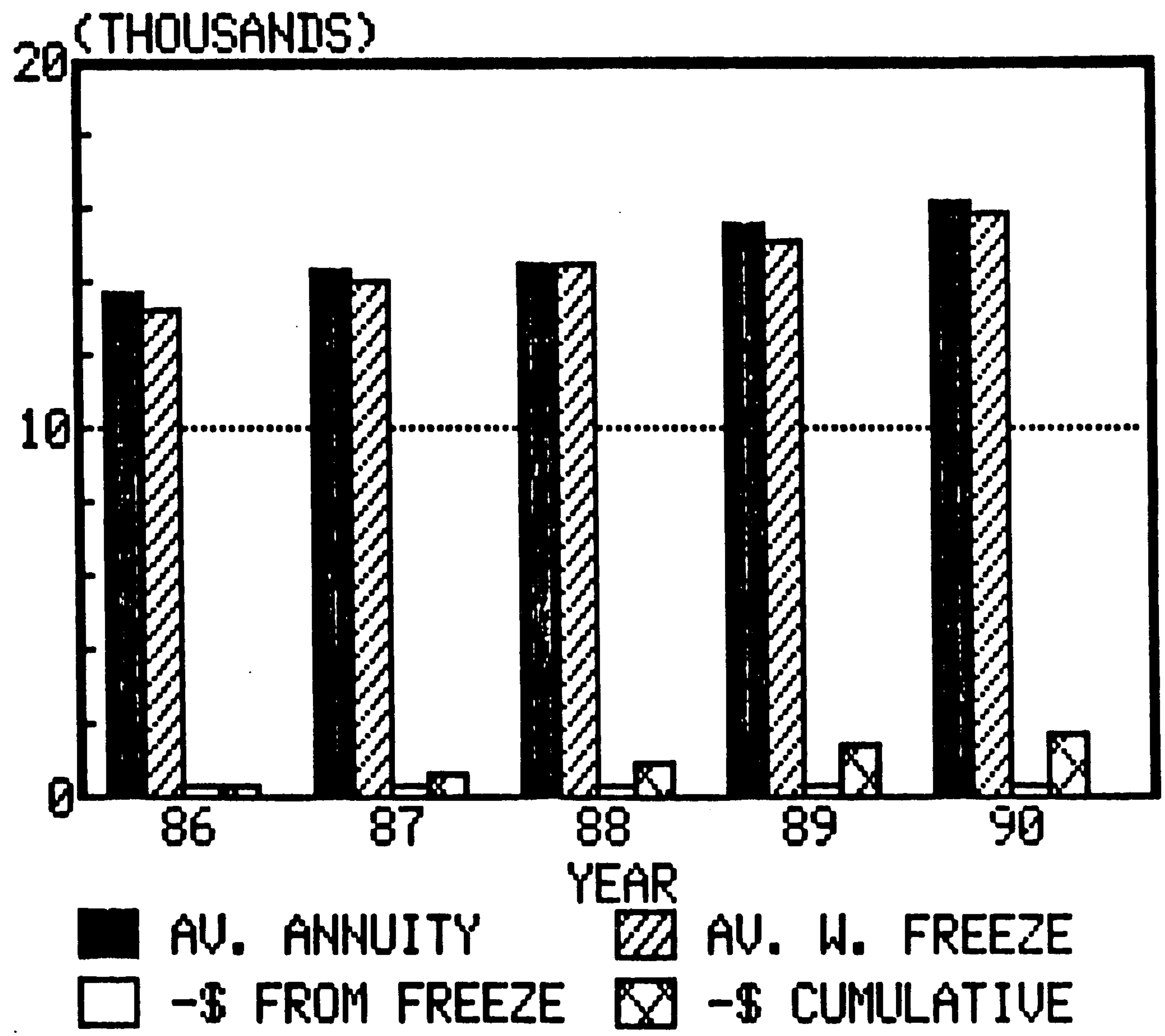


Chart 3

	AV. ANNUITY	AV. W. NO CHANGE	ANNUITY LOSS	CUM ANN. LOSS
86	13433	12761	671	671
87	14010	13144	866	866
88	14599	13538	1060	1060
89	15212	13944	1267	1267
90	15851	14363	1488	1488

Chart 4

COLA FREEZE



	AV. ANNUITY	AV. W. FREEZE	-$ FROM FREEZE	-$ CUMULATIVE
86	13783	13344	350	350
87	14348	14010	338	338
88	14599	14599	366	366
89	15594	15212	382	382
90	16249	15851	398	398

TABLE 4. Federal Civilian Payroll as Percentage of Budget Outlays, 1950-1983

Year	Federal civilian payroll 1/ $	U.S. budget outlays 2/	Federal civilian payroll as percentage of budget outlays
1950	6,671,057,000	42,597,000,000	15.7
1951	7,797,688,000	45,546,000,000	17.1
1952	9,699,175,000	67,721,000,000	14.3
1953	10,148,854,000	76,107,000,000	13.3
1954	9,751,505,000	70,890,000,000	13.8
1955	9,917,734,000	68,509,000,000	14.5
1956	10,592,586,000	70,460,000,000	15.0
1957	11,097,444,000	76,741,000,000	14.5
1958	11,558,773,000	82,575,000,000	14.0
1959	12,427,107,000	92,104,000,000	13.5
1960	12,758,328,000	92,223,000,000	13.8
1961	13,766,981,000	97,795,000,000	14.1
1962	14,420,960,000	106,813,000,000	13.5
1963	15,476,661,000	111,311,000,000	13.9
1964	16,342,808,000	118,584,000,000	13.8
1965	17,402,536,000	118,430,000,000	14.7
1966	18,914,286,000	134,652,000,000	14.0
1967	20,723,618,000	157,608,000,000	13.1
1968	22,630,019,000	178,134,000,000	12.7
1969	24,505,755,000	183,645,000,000	13.3
1970	27,321,909,000	195,652,000,000	14.0
1971	29,474,750,000	210,172,000,000	14.0
1972	31,626,070,000	230,681,000,000	13.7
1973	33,240,383,000	245,647,000,000	13.5
1974	35,661,238,000	267,912,000,000	13.3
1975	39,125,979,000	324,245,000,000	12.1
1976	42,259,472,000	364,473,000,000	11.6
1977	45,894,671,000	400,506,000,000	11.5
1978	49,929,505,000	448,368,000,000	11.1
1979	53,590,892,000	490,997,000,000	10.9
1980	58,011,770,000	576,675,000,000	10.1
1981	63,792,800,000	657,204,000,000	9.7
1982	65,502,988,000	728,375,000,000	9.0
1983	69,877,692,000	795,969,000,000	8.8

1/ U.S. Office of Personnel Management. Workforce Analysis and Statistics Division. Federal Civilian Payrolls Fiscal Year 1950-1983. Handwritten memo to CRS from May Eng, March 1984. These data differ from payroll figures in Table 2 because they are for twelve month periods (fiscal years).

2/ Executive Office of the President. Office of Management and Budget. The United States Budget in Brief: Fiscal Year 1985. Washington, U.S. Govt. Print. Off., 1984. p. 86.

TABLE 2

TABLE 2. Federal Civilian Employment, Payroll, Number in Labor Force and Federal Civilian Employees as Percentage of Labor Force, 1950-1983

Year	Federal civilian employment 1/	Monthly Federal civilian payroll 2/ $	Number in labor force 3/	Federal civilian employees as percentage of labor force
1950	2,117,000	613,400,000	63,377,000	3.34
1951	2,515,000	857,400,000	64,160,000	3.92
1952	2,583,000	855,900,000	64,524,000	4.00
1953	2,385,000	793,100,000	65,246,000	3.66
1954	2,373,000	784,800,000	65,785,000	3.61
1955	2,378,000	845,700,000	67,087,000	3.54
1956	2,410,000	943,700,000	68,517,000	3.52
1957	2,439,000	918,600,000	68,877,000	3.54
1958	2,405,000	1,091,400,000	69,486,000	3.46
1959	2,399,000	1,072,700,000	70,157,000	3.42
1960	2,421,000	1,117,800,000	71,489,000	3.39
1961	2,484,000	1,213,600,000	72,359,000	3.43
1962	2,539,000	1,346,900,000	72,675,000	3.49
1963	2,548,000	1,423,200,000	73,839,000	3.45
1964	2,528,000	1,475,200,000	75,109,000	3.37
1965	2,588,000	1,483,700,000	76,401,000	3.39
1966	2,861,000	1,664,800,000	77,892,000	3.67
1967	2,993,000	1,842,300,000	79,565,000	3.76
1968	2,984,000	2,137,300,000	80,990,000	3.68
1969	2,969,000	2,335,300,000	82,972,000	3.58
1970	2,881,000	2,427,900,000	84,889,000	3.39
1971	2,872,000	2,528,700,000	86,355,000	3.33
1972	2,795,000	2,709,600,000	88,847,000	3.15
1973	2,786,000	3,012,000,000	91,203,000	3.05
1974	2,874,000	3,294,300,000	93,670,000	3.07
1975	2,890,000	3,583,800,000	95,453,000	3.03
1976	2,843,000	3,564,600,000	97,826,000	2.91
1977	2,848,000	3,918,400,000	100,665,000	2.83
1978	2,888,000	4,343,900,000	103,882,000	2.78
1979	2,869,000	4,727,700,000	106,559,000	2.69
1980	2,907,000	5,215,700,000	108,544,000	2.68
1981	2,865,000	5,238,600,000	110,315,000	2.60
1982	2,848,000	5,959,000,000	111,872,000	2.55
1983	2,875,000	6,301,500,000	113,226,000	2.54

See footnotes on next page.

1/ U.S. Department of Commerce. Bureau of the Census. 1977 Census of Governments, Vol. 3, Public Employment, No. 2, Compendium of Public Employment. Washington, U.S. Govt. Print. Off., 1979. p. 10 (for years 1950-1977). U.S. Department of Commerce. Bureau of the Census. Public Employment in 1978-1983. Washington, U.S. Govt. Print. Off., 1979-1984. p. 1, 7, 9. (October 31 rounded totals used except for 1957, which is an April total.) Federal civilian employment includes all civilian Government employees working in the United States and abroad, except for those in the uniformed military, the Central Intelligence Agency, and the National Security Agency.

2/ Ibid. Federal civilian payroll includes all salaries, wages, fees, or commissions paid to employees and represents gross payrolls for one-month period of October.

3/ U.S. Department of Labor, Bureau of Labor Statistics. Employment and Earnings. Washington, U.S. Govt. Print. Off., Jan., 1984. p. 17. Number in labor force includes all those aged 16 and over who are not institutionalized and who are civilians employed in either agricultural and nonagricultural industries, the resident armed forces, or unemployed.

TABLE 3

TABLE 6. Extension of the Competitive Civil Service, 1884-1983--Continued

Year	Federal civilian employment	Federal employees under competitive civil service	
		Number	Percent
1943	3,299,414	4/	4/
1944	3,332,356	4/	4/
1945	3,816,310	4/	4/
1946	2,696,529	4/	4/
1947	2,111,001	1,692,065	80.2
1948	2,071,009	1,707,220	82.4
1949	2,102,109	1,771,927	84.3
1950	1,960,708	1,656,803	84.5
1951	2,482,666	2,144,882	86.4
1952	2,600,612	2,247,692	86.4
1953	2,558,416	2,138,899	83.6
1954	2,407,676	1,992,057	82.7
1955	2,397,309	2,004,853	83.6
1956	2,398,736	2,042,007	85.1
1957	2,417,565	2,067,285	85.5
1958	2,382,491	2,032,944	85.3
1959	2,382,807	2,042,034	85.7
1960	2,398,704	2,050,938	85.5
1961	2,435,804	2,096,635	86.1
1962	2,514,197	2,159,050	85.9
1963	2,527,960	2,164,163	85.6
1964	2,500,503	2,153,658	86.1
1965	2,527,915	2,154,992	85.2
1966	2,759,019	2,367,100	85.8
1967	3,002,461	2,485,863	82.8
1968	3,055,212	2,569,752	84.1
1969	3,076,414	2,549,506	82.9
1970	2,981,574	2,410,054	80.8
1971	2,922,841 5/	2,375,887	81.3
1972	2,158,799	1,713,412	79.4
1973	2,126,312	1,694,843	79.7
1974	2,185,916	1,648,741	75.4

5/ Effective July 1, 1971, all employees of the U.S. Postal Service were converted from the competitive service to the excepted service under the authority of P.L. 91-375 (84 Stat. 719 et seq.), approved August 12, 1970. For the years 1972-1983, postal employee totals from Table 5 have been substracted from the Federal civilian employment totals.

TABLE 6. Extension of the Competitive Civil Service, 1884-1983--Continued

Year	Federal civilian employment	Federal employees under competitive civil service	
		Number	Percent
1975	2,197,770	1,663,228	75.7
1976	2,204,955	1,661,532	75.4
1977	2,234,944	1,652,269	73.9
1978	2,278,780	1,679,532	73.7
1979	2,283,650	1,668,272	73.1
1980	2,455,541	1,749,795	71.3
1981	2,282,737	1,731,112	75.8
1982	2,249,244	1,727,772	76.8
1983	2,257,436	1,729,775	76.6